

# Social Entrepreneurship

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## INTRODUCTION

Social entrepreneurship is commonly used to describe entrepreneurial activities that serve a social and/or environmental cause and that reinvest a large part of their surpluses in support of that mission. According to Dees & Anderson (2006), social entrepreneurs are considered as entrepreneurs with a social mission. Although this definition, and its boundaries remain unclear, social entrepreneurs focus on achieving both economic efficiency and creating social value (Martin & Osberg, 2015).

Although interest in social entrepreneurship seems to be recent, the first works on this topic were done as early as the 1960s and became widespread around the 1980s, mainly around the nonprofit sector (Guo & Bielefeld, 2014). The concept itself seems to have been developed in the 1990s in Europe, with the development of social cooperatives, and interest has grown exponentially, particularly after the 2008 financial crisis that hit the USA. Hence, the main objective of this chapter is to conceptualize social entrepreneurship, together with its importance in terms of its contribution to social value creation and its relation to innovation and sustainability.

The chapter begins by conceptualizing social entrepreneurship and the characteristics of a social entrepreneur from different points of view. Secondly, the definitions that have arisen from Harvard Business School, specifically the *Social Enterprise School*, which focuses on the organizations and considers the development of market based solutions to social problems, including profit and non-profit activities; and the *Social Innovation School*, which focuses on the role of the social entrepreneur and the way that they produce social value by shifting resources into areas where they are needed (Dees & Anderson, 2006, p. 41), are analyzed.

Finally, a social entrepreneurial ecosystem is proposed, highlighting the links between social entrepreneurship, sustainability and social innovation together with the trends, issues and challenges that have arisen in recent years. Future research directions include analyzing the influence of the socio-political, environmental and economic ecosystem on the development of social entrepreneurship in each country, at a local, regional and national level, analyzing the financial and legal difficulties faced by entrepreneurs and the reasons why social entrepreneurship is still highly gendered.

## BACKGROUND

Social entrepreneurship is defined by the creation of social value, rather than personal wealth (Dees, 1998). According to the literature, its emergence began in Europe with the development of social cooperatives in Italy (1995), social purpose companies in Belgium (1995), social solidarity cooperatives

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in Portugal (1998), and cooperatives with a collective interest in France (2001). In the US, since the economic and financial crisis of 2008, there has been an increased interest in social entrepreneurship and social innovation given the dissatisfaction generated by other forms of programs, including the lack of community participation and their environmental, social and economic impacts (Moulaert, MacCallum, Mehmood & Hamdouch, 2013). Therefore, the concept itself is a reasonably new one and the area can certainly be described as an “emerging field.”

According to Brock and Ashoka (2008, cited in Guo & Bielefeld, 2014) the first social entrepreneurship class was taught at Harvard University in the mid 1990s, followed by other universities in the USA (Les repères de l'AVISE, 2007); the first European course was at the University of Geneva in Switzerland in 2003.

This developments led to a rapid rise in social orientated enterprises, together with improvements in the legal frameworks (at a national and international level); likewise, companies and devices that help social entrepreneurship emerged (such as Ashoka foundation, Skoll Foundation, Schwab Foundation and Yunus Center, Socialab, amongst others) and there was an increase in audience related to social projects (including the media, academic institutions and different economic actors) (Fournier, 2011).

## **FOCUS OF THE ARTICLE**

### **Definition of Social Entrepreneurship**

The concept of social entrepreneurship has its foundations in the social problems faced by communities, given the unmet social needs (i.e. due to government, market and contract failure), the importance of earned income, together with the opportunities and challenges that emerge from the external environment including demographic, technological and environmental (Thompson, Alvy & Lees, 2000; Guo & Bielefeld, 2014). Therefore, social entrepreneurship often develops at the intersection between civil-society, the state, and the market. Fowler (2000, p. 638) points out that throughout history, governments have focused on reducing “poverty, inequity, insecurity and injustice,” but their solutions have not been accurate, as this are still predominant features of the current socio-economic system; thus, a big difference has been made by social entrepreneurs none reliance on the “traditional” framework employed by the official aid system and their willingness to develop solutions to those “old problems.” This phenomenon transcends the separate domains of entrepreneurial studies, social movements, and nonprofit management (Dacin, Dacin, & Matear, 2010). Social entrepreneurs are people looking towards change, but a modern kind of change that takes its inspiration from a determined focus on solutions: “Mission related impact becomes the central criterion, not wealth creation” (Dees, 1998, p. 3).

According to Dacin *et al.*, (2010, p. 37) “social entrepreneurship depends on the context in which established types of entrepreneurs operate.” Currently, social entrepreneurship literature is a field of interest that crosses academic disciplines and challenges traditional assumptions of economic and business development. As far as conceptualizing it, Dart (2004) refers to it as an ability to leverage resources that address social problems, although there is little consensus beyond this generalization. Zahra, Gedajlovic, Neubaum, & Shulman (2009) mention the importance of activities aimed towards social responsibility or social innovation (Bornstein, 2004) and Emerson & Twersky (1996) refer to it as sustainable ventures that generate social value. These definitions also take into account the entrepreneurial ecosystem, which includes start-ups, incubators and all the business functions relating to business development, finance

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