

# Chapter 1

## Boundaries and Challenges for Social Entrepreneurship

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### ABSTRACT

*Social and economic progress is inextricably intertwined. Charity and aid can improve the quality of life and the life chances of the poor by subsidizing interventions education and health care and increasing access to clean water and so forth. However, these interventions may not alleviate poverty in a sustained way unless increased economic participation and empowerment for the poor is ensured. Existing large corporations could support the economic engagement of the poor for the betterment of society. If there is an arena in which boundaries need to be defined and challenges understood well, it is social entrepreneurship, so that social enterprises and social entrepreneurs will be able to achieve their goals and objectives in a coherent and meaningful manner. The thrust of this chapter is to understand social entrepreneurship, its differentiators and its boundaries along with the challenges faced by social entrepreneurs. Based on content analysis, in-depth literature review and published reports, the chapter findings relate to the strategies which need to be adopted to overcome the challenges. It is also hoped that the global examples would serve as role models for future entrepreneurs.*

### INTRODUCTION

Social entrepreneurship is attracting growing amounts of talent, money, and attention. Along with its increasing popularity has uncertainty about what exactly a social entrepreneur is. As a result, all sorts of activities are now being called social entrepreneurship. Some say that a more inclusive term is all for the good, but authors argue that it is time for a more rigorous definition (Martin & Osberg, 2007).

The idea of Social Entrepreneurship has become increasingly popular given the growing social problems in our complex modern society. In a way, it is a reaction to the 'bottom line' philosophy of modern big business with its emphasis on short-term profit to the detriment of any long term benefit to society as a whole or the human component of the business itself. Social Entrepreneurship seeks to harness the practical dynamism of the successful businessman to enrich and help society, especially in countries where people are beset by problems such extreme poverty and lack of opportunity. Peter Drucker argues

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that social entrepreneurs “...change the performance capacity of society” (Gendron, 1996, p. 37) while Henton, Douglas, Melville & Walesh (1997) write about ‘civic entrepreneurs’ as “...a new generation of leaders who forge new, powerfully productive linkages at the intersection of business, government, education and community”. In spite of the varying definitions of social entrepreneurship, one commonality emerges in almost every description: the ‘problem-solving nature’ of social entrepreneurship is prominent, and the corresponding emphasis on developing and implementing initiatives that produce measurable results in the form of changed social outcomes and/or impacts. McLeod (1997: 103) quotes one social entrepreneur who criticized his own organization’s earlier ineffective approach, noting they originally asked “...’how many people walked in the door’ rather than ‘how many people are better off for having walked in the door?’”

What business entrepreneurs are to the economy, social entrepreneurs are to society? They may, like business entrepreneurs, be interested in profit, but their emphasis is on social change. They are often self-driven, creative individuals who exploit new opportunities, question accepted norms, and refuse to give up until they have remade the world for the better (Austin, Stevenson & Wei-Skillern, 2006). Social entrepreneurs have the same core temperament as their business peers but use their talents to solve global social problems, such as why children are not learning, and why available technology is not widely used.

## **BACKGROUND**

With the emergence of this range of innovative activity, the concept of social entrepreneurship has taken on multiple and varied meanings in popular discourse, as well as in academic literature. The concept of social entrepreneurship has its roots in the broader field of entrepreneurship and draws on the definition of entrepreneurship as “the pursuit of opportunity beyond the tangible resources that you currently control” (Stevenson, 1983). In this definition, a key focus is on how various individuals and groups identify and commit to an opportunity, how the entrepreneurial organization gains access and functional control over a network of resources that are not within its hierarchical control, and the way in which participants are rewarded (Stevenson, 1985). The entrepreneurial organization focuses on opportunity, not resources. Entrepreneurs must commit quickly but cautiously so as to be able to readjust as new information arises. The process of commitment becomes multistage with minimal commitment of resources at each stage to allow for learning from experience and new knowledge before more resources are sought.

Definitions of social entrepreneurship have been based on this more general conceptualization of entrepreneurship and range from relatively narrow to more general (Dees, 1998). Common across all these definitions is the fact that the underlying drive for social entrepreneurship is to create social value, rather than just personal and shareholder wealth (Zadek & Thake 1997). Narrower conceptualizations of social entrepreneurship typically refer to the phenomenon of applying business expertise and market-based skills to the social sector, such as when nonprofit organizations operate revenue-generating enterprises (Reis, 1999). The more general conceptualizations of social entrepreneurship refer to innovative activity with a social objective in either the private or nonprofit sector, or across both, such as hybrid structural forms, which mix for-profit and nonprofit activities (Dees, 1998). Thus, social entrepreneurship is a novel, societal value generating movement that can occur within or across the nonprofit, business, or government sector.

Societies worldwide are urgently seeking innovative approaches to addressing persistent social problems that afflict their communities but that have not yet been satisfactorily addressed by either governments

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