

# Chapter 4

## Business Models for Social Entrepreneurs:

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### ABSTRACT

*Social Entrepreneurs creatively contribute towards the welfare of marginalized members of society by availing affordable products and services. The objective of this chapter is to critically discuss the concept of social entrepreneurship and provide some theoretical lens through which one can understand the activities that are carried out by social entrepreneurs. This chapter describes social entrepreneurs from a bricolage and a social constructionist perspective. While a plethora of definitions of social entrepreneurship exists, this chapter filters a few definitions and elaborates on common elements that increase our understanding of the concept of social entrepreneurship. Various models of social entrepreneurship serve different social goals and these are discussed with aid of examples. Factors that determine the adoption of a model range from the scale of the social mission, characteristics of the clients to the type of intended social beneficiaries of the venture.*

### INTRODUCTION

The concept of social entrepreneurship will be critically discussed in this chapter. The chapter will discuss the domain of social entrepreneurship and propose three models that can be adopted by social entrepreneurs. The objectives of this chapter are: to explain the social entrepreneurship phenomena, to examine the characteristics that make a social entrepreneur; and to identify models that are used by Zimbabwean women.

### BACKGROUND

Woolley, Bruno & Carlson (2013) state that “Social ventures balance the economic and social dimensions of value creation to alleviate problems created by shared collective issues” (p. 7). While social

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ventures address the state of unjust economic equilibrium, there a dearth of information about social value creation (Woolley, Bruno & Carlson, 2013).

The paradox is that social ventures have existed for decades without the world paying particular attention to their societal contribution and social value creation. It was the awarding of the Nobel Peace Prize to Muhammad Yunus in 2006 for his work in pioneering the field of micro-financing for women in poverty that brought about immediate and wide spread attention into social venturing. This chapter therefore intends to inform the reader as to what constitutes social entrepreneurship and the theoretical frameworks that shape social entrepreneurship thinking.

## **THE DOMAIN OF SOCIAL ENTREPRENEURSHIP AND APPROPRIATE MODELS**

### **The Importance and Domain of Social Entrepreneurship**

A number of factors have contributed toward the birth of social entrepreneurship. These factors include the globalization of products and services provisions and a steady decline in financial aid to organisations associated with international development (NGDOs). It is stated that,

*While amounting to US\$51.5 billion in 1998, since 1991 the real value of aid from the north dropped by 21%, at the same time per capita incomes of OECD countries grew from an average of \$11, 575 in 1960 to \$27, 789 in 1997, by 140%. In the same period, per capita aid from OECD countries grew from \$47 to \$59, by 25%.(Fowler, 2000, p. 590)*

This shows a marginal increase in aid compared to the economic growth experienced by the donor countries to developing countries. Fowler (2000) attributes this decline in aid to pressure from parliaments and tax payers in the developed countries. Leadbetter (1997) argues that the global changes that have promoted privatization and market economies has resulted in none governmental organisations (NGOs) and none profit organisations pressured to fill the gap in terms of the provision of social services. Goerke (2003) supports this view and emphasizes that the NGOs have to grapple with a state of declined traditional funding, therefore new forms of activities financing are imperative for continued social services provisions. Mort, Weerawardena and Carnegie (2003) attribute competition for scarce donor funding to globalization and a shift in governmental role from a strong society oriented participation and provision of social services to a market controlled economy. As a result, the scarce donor funds and competition have forced nonprofit organisations to reinvent themselves to adopt income generating activities as a way of sustaining their mission of extending social services to marginalized communities. Mort et al (2003) assert that the widened space for social services provision has also attracted commercial entities to provide affordable goods and services to poor communities. Social entrepreneurs whose main mission is to satisfy community social needs such as clean water and education are therefore evoked to seize the opportunity to adopt innovative marketing strategies for pursuing economic objectives while retaining their main goal of social provision to the community (Swanson & Zang, 2010). However, Dees & Anderson (2003) posit that social entrepreneurs are drawn to adopt for-profit structures “as a way to leverage scarce resources, allowing philanthropic and tax dollars to be directed to where they are most needed” (p. 5). The latter therefore arguing that social entrepreneurs induce efficient use of resources and promoting the equitable distribution of public resources in a way that uplifts of lives to the marginalized members

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