

Chapter 5

Business Strategies Creating Value for Social Entrepreneurs

Andrisha Beharry-Ramraj
University of KwaZulu-Natal, South Africa

ABSTRACT

Social entrepreneurs seek to make a difference in their societies. It starts with the identification of a specific social problem and devising a specific solution to address the problem. A historical overview of social entrepreneurs shows how individuals considered the greater good of society over self interest as well as the trickle down impact in order to achieve that difference. This chapter explores the various strategies available to social entrepreneurs and begins by defining strategy then presenting a broad spectrum of different competitive, social skills, growth, marketing and communications well as resource strategies that social entrepreneurs can adopt. The chapter concludes by presenting possible solutions and recommendations for social entrepreneurs.

INTRODUCTION

Over the years, attempts to alleviate the high rates of unemployment and its detrimental effects world-wide have seen the substantial amount of attention being directed to the promotion of novel start-up businesses in most parts of the world. Apart from the Real Gross Domestic Product (GDP) and Balance of Trade, the formation of new businesses is not only a direct source of employment creation but also a significant indicator of economic growth (Mahadea, Youngleson, Botha, Dhliwayo, Fregidou-Malama, Musengi-Ajulu, Myres, Pillay & Reyneke, 2013).

As the rapidly changing socio-economic global environment presents new challenges to the business environment, it has been observed that the changes also affect the nature of social entrepreneurship at the level of business practice and in its quality as a discipline. It is therefore important to comprehend that business environment and entrepreneurship are interrelated and influences each other simultaneously. It is also significant to understand the evolving interrelationships between the two when pioneering a small business in order to address stability, growth and ensure the survival of the business. In order to see a small business from the introduction stage through to maturity, sound ethical practices and busi-

DOI: 10.4018/978-1-4666-8748-6.ch005

ness relations should be applied within a secure and well researched framework which considers both the internal and external business environment and paying particular attention to the current competitors strategies, legislation governing small businesses as well as theories articulated by Mahadea and Youngleson *et al*, (2013).

The chapter explores some of the many business strategies available to social entrepreneurs. These strategies include the social skills strategy, the growth strategy, the marketing and communication strategies and lastly the resource strategies in particular. Relevant business strategies are provided for the readers to gain a better understanding of the importance of social entrepreneurs in the creation of value.

Mahadea and Youngleson *et al*, (2013) point out that entrepreneurs go against the flow in an attempt to be successful and by so doing they believe that what they do is right when everyone else is wrong. The modern social entrepreneur is thus someone who effectively controls resources and takes strategic decisions to produce goods and services for the given market.

BACKGROUND TO SOCIAL ENTREPRENEURS

Entrepreneurship is typically concerned with the measuring of performance in terms of profit or return. Social entrepreneurs are interested, in bringing about positive return to society. Social entrepreneurship typically goes beyond social, cultural, and environmental goals and is frequently associated with the voluntary and non-profit sectors. Just as business entrepreneurship is indispensable to the advancement of economies and business, social entrepreneurship is vital to the progress of societies.

Social entrepreneurs always consider the trickle-down effect of their business on society. They are those individuals who create special ventures with a view to solving the problems in society. Such problems include unemployment, housing, poverty, hunger and pollution. Social entrepreneurship attracts considerable resources and attention (Mahadea & Youngleson *et al*, 2013). Barendsen and Gardner (2004) articulate that social entrepreneurs are unusual in a number of ways. They have deeply rooted norms and beliefs, these norms beliefs are formed early. Social entrepreneurs are exceptional in what they believe and in how these beliefs originate. Social entrepreneurs can also be described as people who have to tackle major social problems. They provide the necessary leadership, energy, resources activism and innovation to address these social issues. Examples of social entrepreneurs include such people as politicians and public figures like former South African President, the late Nelson Mandela, Archbishop Desmond Tutu and Mahatma Gandhi as well as business persons and philanthropists, such as Bill Gates and Warren Buffet; celebrities, such as the late musician Michael Jackson and Bob Geldof as well as actress and talk show host Oprah Winfrey. The above mentioned all had visions of improving people's lives and bringing about changes that impact positively on the living conditions of people in their own countries and across the globe. Social entrepreneurs have existed for many years, although social entrepreneurship has been identified as being vital for progress in societies, there is no single universally accepted definition of the phenomenon. According to Dees (1998) the concept of social entrepreneurship means different things to different people. Drayton (2002) contends that social entrepreneurship is a result of unique personality traits that are found in a rather small number of the population, that however goes beyond selfless motivation and reveal fortitude to bring change to the society.

Mahadea and Youngleson *et al*, (2013) affirm that social entrepreneurship plays a necessary role in the development of social and economic regions. As highlighted earlier, social entrepreneurship creates value and opportunities for growth. Light (2006) concurs with Mahadea and Youngleson *et al*, (2013)

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