

Chapter 38

Social Entrepreneurship and Income Distribution

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ABSTRACT

Social entrepreneurship is one of the most important forms of entrepreneurship, especially in the context of the current economic crisis. The aim of this chapter is to analyze the influence of a number of factors, such as income distribution, institutions, and human capital on social entrepreneurship. In addition, it analyses the impact of these factors and social entrepreneurship on economic performance. This chapter includes an empirical analysis, with Partial Least Square (PLS) estimation for 29 countries using data from 2012.

INTRODUCTION

Entrepreneurship is currently one of the most studied topics in business research. The recent economic recession has led governments to focus on the possibility of individuals starting up their own enterprises, consequently creating more employment and becoming one of the drivers of economic growth. Thus, many governments have implemented economic policy measures designed to promote entrepreneurship.

Another of the consequences of the crisis is that the more disadvantaged sectors of society are suffering even greater economic problems due to job losses, a problem which neither the public nor the private sector has been able to solve. Furthermore, in periods of crisis social needs not met by the private or public sector tend to grow. These social needs are usually met by social entrepreneurs.

Social entrepreneurs tend to be self-employed, part-time workers or students, and aged between 25 and 44. They have a high educational level and although there are more men than women, the differ-

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ence is small (Terjesen, Lepoutre, Justo, & Bosma, 2011). Their business objective differs depending on their geographical location. In non-developed or developing economies, their objectives tend to focus on meeting basic social needs related to food, education or health. In more developed economies, their activities focus on aims such as promoting culture, supporting disadvantaged sectors of society or improving the environment.

In this chapter, the authors look more deeply at the factors affecting social entrepreneurship, such as income distribution, education and institutional quality and entrepreneurship as well as the impact of these variables on economic performance.

So, following the introduction, in section two we conduct a brief review of the literature regarding the most relevant aspects. In section three we conduct an empirical analysis for the situation of 29 countries in 2012. The final section presents conclusions.

SOCIOECONOMIC FACTORS, ENTREPRENEURS AND SOCIAL ENTREPRENEURS: EFFECTS ON ECONOMIC PERFORMANCE

One of the main difficulties when discussing entrepreneurship is the lack of a single definition. Wennekens and Thurik (1999), basing themselves on the ideas presented by Hébert and Link (1989), Bull and Willard (1993) and Lumpkin and Dess (1996), propose the following definition:

Entrepreneurship is the manifest ability and willingness of individuals, on their own, in teams, within and outside existing organizations, to:

- *Perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product-market combinations) and to*
- *Introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions.*

Social entrepreneurship may be defined as a form of entrepreneurship in which, through the use of business tools, entrepreneurs create and develop a profitable, sustainable enterprise which contributes to social improvement and reinvests profits in the business (Fowler, 2000; Austin, Stevenson y Weiskillern, 2006; Arend, 2013). The creation of social enterprises is not new, nor is the figure of the social entrepreneur. Social enterprises are key actors due to their capacity to create jobs and the fact that they carry out an activity which cannot be conducted by the public sector or for-profit businesses. Consequently, a large number of authors consider social enterprises to be a mixture of non-profit organization and business (Dees, 1998; Dees, Emerson, & Economy, 2001; Young, 2003; Young & Salamon, 2002).

There are two types of social entrepreneur. There are those who supply services or design products aimed at meeting a specific social need and there are others who provide employment for the disadvantaged and implement activities which contribute to social improvement.

In an attempt to be more specific, the European Union defines social enterprises as: *enterprises which seek to serve the community's interest (social, societal, environmental objectives) rather than profit maximization. They often have an innovative nature, through the goods or services they offer, and through the organisation or production methods they resort to. They often employ society's most fragile members (socially excluded persons). They thus contribute to social cohesion, employment*

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