

Chapter 8

Social Entrepreneurship and Entrepreneurial Ecosystems: An Empirical Examination

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ABSTRACT

Entrepreneurial ecosystems and social entrepreneurship are receiving increasing attention for their ability to foster economic and social development. This study adopts the entrepreneurial ecosystem approach to analyse the extent to which the perceived favourability of external environment promotes or deters the launch of new ventures by social entrepreneurs. The research was based on a survey that collected data through a questionnaire emailed to Portuguese social entrepreneurship ventures. The results show that a favourable entrepreneurial ecosystem has low importance in the decision to develop new social ventures. This result is particularly consistent in more innovative social ventures. This conclusion supports the idea that many social ventures are not based on social innovation, but derive from a traditional approach to social problems. Therefore, the development of new innovative social ventures has to be supported by institutional stakeholders in order to support social entrepreneurs, regardless of the level of favourability of the entrepreneurial context.

INTRODUCTION

Innovation is one of the main drivers of economic growth, while the entrepreneur is the main driver of innovation in modern economies. However, today's challenges have taken on an increasingly social dimension, and innovative responses to problems and needs should be conceived and initiated on the ground by social entrepreneurs (Hoogendoorn & Hartog, 2011).

Some of the most prominent societal challenges are increasing unemployment, which is often linked to crime, and social exclusion, with its long-lasting consequences, not only for those who lose their jobs, but also for their children, who have fewer opportunities in society (European Communities, 2011). The emergence of social actors' initiatives to satisfy specific social needs and offer solutions to different problems derives mostly from the employment crisis and the reshaping of State interventions (Bouchard, 2011).

Social entrepreneurship has been recognized as a helpful instrument of social and economic policy, particularly when dealing with unemployment, social exclusion and sustainable regional and local economic development (Alvord, Brown & Letts, 2004; Borzaga & Galera, 2012; Friedman & Desivilya, 2010; Lambriu, 2012; Parente, Barbosa & Vilhena, 2012a; Quintão, 2004). Azmat (2013) argues that social entrepreneurship could contribute to more sustainable growth in developing countries and regional development in divided societies (Friedman & Desivilya, 2010). Azmat (2013) recognizes the potential of social entrepreneurship to help in solving the more persistent social problems and to promote wealth in communities and societies through innovative strategies and creative solutions. According to Azmat (2013), social entrepreneurs usually adopt innovative approaches with the potential to take a positive and critical role in poverty reduction and to help with the promotion of sustainable growth in developing countries, even in hostile environments. In the same way, Yiu, Wan, Ng, Chen and Su (2014) argue that social entrepreneurship plays an important role in the community development of emerging economies, and Nega and Schneider (2014) highlight the significant role of social entrepreneurship in economic development. For McAnany (2012), social entrepreneurship has a great potential to contribute to: (i) social change; (ii) the development of local communities; (iii) the enhancement of economic growth; (iv) poverty reduction; and (v) environmental sustainability.

Social entrepreneurship and social innovation are interrelated concepts that explicitly aim to provide innovative solutions to unsolved social problems, putting social value creation at the heart of their mission in order to improve individuals' and communities' lives and increase their well-being. An increasing number of institutions and local entities have endorsed social innovation as an instrument of political action with respect to employment, intergenerational population stability, economic development and sustainability and other social issues. In the European Union's policy, social innovation is mentioned as a strategic element of a Europe that is more intelligent, sustainable and inclusive, and serves as a fitting response to the social challenges of the internal market (European Communities, 2011).

These new strategies are pursued at the local level, not only by domestic governments and local authorities (largely supported by European funds), but also by not-for-profit and private organizations through corporate social responsibility initiatives. The objective focuses largely on local problems, where proximity is a critical factor to identify and evaluate the problems and to improve efficiency in the actions taken. These actions relate to the dynamism of the entrepreneurial ecosystem, the vitality of the formal and informal social economy and the emergence of new forms of intervention local organizations embrace. Some of the more innovative responses to problems and needs have been published in

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