

# Chapter 1

## Context of Social Entrepreneurship and Background: Definitions, Related Terms, and Characteristics

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### ABSTRACT

*Social entrepreneurship has been the subject of considerable interest in the literature. It has become a global phenomenon by addressing the basic needs of humans, which are neglected, and enriching communities and societies. This chapter introduces the context of social entrepreneurship and its background; it continues by exploring the related terms and characteristics of social entrepreneurship. Over the years, social entrepreneurship has emerged as a distinctive context by integrating the resourcefulness of traditional entrepreneurship with the compelling drive to address social problems. Social entrepreneurship needs to be properly defined and it requires a theoretical framework that links it to the theory of entrepreneurship. The purpose of this chapter is to review and extend the current literature by providing insight about social entrepreneurship in the spectrum of entrepreneurship through value creation. As a result, this chapter suggests implications for social entrepreneurs and boundaries for social entrepreneurship.*

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*Social entrepreneurship starts with an entrepreneur who has a novel idea, an innovative product or service, a creative approach to solving a perceived problem, a new business model, and a previously untried approach to product or service delivery (Makhlouf, 2011).*

## **INTRODUCTION**

Social entrepreneurship has gained popularity in the development of societies because entrepreneurship is seen as a process that can serve as a catalyst for social change (Urban & Teise, 2015; Abu-Saifan, 2012). The concept of entrepreneurship has a long history in the academic and business world. Entrepreneurship can be defined as a process of doing something new and different for the purpose of creating wealth for the individual and adding value to society by bringing forth ideas previously unimagined. The most obvious example of entrepreneurship is the starting of new businesses. Entrepreneurs are seen as the self-made business people of today, creating their own wealth rather than inheriting it (Beaver & Jennings, 2005). Nowadays, entrepreneurship and small businesses are the basics of economy, responsible for breakthrough innovations that influence the growth of free market economy and its general performance (Iyigun & Keskin, 2016).

Governments due to their scarce resources cannot fully reach the developmental goals like economic prosperity, employment and welfare of citizens, especially in the developing countries. With a shift from the welfare approach to the democratic approach in most of the developed and developing countries, governments have given primary importance to market-driven models of welfare, which created a major change in the approach to development of people and communities with a greater emphasis on ‘self-help’ (Singh, 2016). Many philanthropic efforts have fallen far short of expectations and major social sector institutions are often viewed as inefficient and ineffective (Dees, 1998). Non-governmental organizations (NGOs) are now facing financial problems due to constantly decreasing supply of donations, grants and government subsidies. Thus, by the end of twentieth century, to enhance the social wealth by addressing basic human needs or by solving local problems, social entrepreneurship emerged as a complementary part of commercial entrepreneurship (Santos, 2012).

Social entrepreneurship can be defined as *entrepreneurial and innovative activity with an embedded social purpose* (Austin, Stevenson, & Wei-Skillern, 2006). Social entrepreneurs are seen as change agents by creating social value through continuous innovation, adaption and learning (Day & Jean-Denis, 2016). Social entrepreneurship has grown into a global movement that is bringing solutions to many of the world’s problems and transforming the way we think about social change. The increasing recognition of the contribution made by social entrepreneurs to a nation’s social, economic, cultural and environmental wealth yielded social entrepreneurship to be identified as an innovative way of tackling unmet socioeconomic needs (Iyigun & Yalcintas, 2017).

This chapter aims to present the context of social entrepreneurship in the spectrum of entrepreneurship through value creation. With this perspective, antecedents, characteristics and boundaries of social entrepreneurship will be discussed in light of social change.

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