

## Chapter 56

# Social Entrepreneurship and the Circular Economy

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### ABSTRACT

*Social entrepreneurship plays a fundamental role in the economy and especially in the firm. Mainly in developing countries, social entrepreneurship is of primary importance and is socially necessary to try to alleviate social inequalities among the richest and the poorest in society. In this process of diminishing social differences, business models are of fundamental importance, especially digital models with intensive use of ICT. In this chapter, the author synthesizes the 57 digital business models that exist today and enhances the importance of the Circular Economy and the Socioeconomics of Solidarity as an emerging trend in economic thinking.*

### INTRODUCTION

*The mind of the superior man values honesty. The spirit of the inferior man appreciates the benefit. (Confucius [551-479 BC])*

Regardless of their size, entrepreneurs have a fundamental socio-economic role in the countries where they operate. Entrepreneurs create value in their product and service offered in the market and transmitted to consumers. They generate wealth in the form of jobs and the payment of wages that encourage consumption, investment, and savings, and favor the society through the payment of taxes.

The desire to continue working in places with an excellent work environment (A Great Place to Work) is related to a strong sense of pride of belonging to the company and the individual and team achievements, generating in people a sense of purpose And transcendence in themselves and the community. This feeling of well-being always inspires them to give their best for the organization and increases the retention power of these professionals in the organization

Hospitality and good work environment are fundamental aspects for the maintenance of personnel. The fact that employees feel “at home” when they come to work, and that they perceive a warm, friendly

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and fraternal atmosphere, facilitates the integration of the workforce and contributes to the consolidation of trust among all.

A second important aspect for the retention of the best talent in the organization is the implementation of a fair and impartial treatment to human resources –e.g., recognition with prizes– to achieve a healthy work-life balance. In some organizations, it is a good idea to offer shares to workers who wish to buy them, if the percentage of shares distributed to workers is half of the social capital of the firm. The fact of having a second return for the work done (salary and dividends, if distributed) helps to increase productivity, improve the work climate, favor labor retention, expand the corporate image of the company, and support sales by improving the brand image, and the product and service offered to the market. All of this creates a virtuous circle in which everyone wins.

The objective of this chapter is two-fold. The first goal is to analyze why, in my opinion, countries need social entrepreneurship as a tool to foster economic growth and social change. In fact, and given the decreasing percentage of the middle and high social class in these nations, it will be useful and desirable to impulse the public-private collaboration by following a collaborative sense. The second goal is to describe the business models that are most applicable to the market.

### **WHEN THE SOCIAL ENTREPRENEURSHIP IS NECESSARY**

From an economic point of view there are four Schools of thought in the world, three traditional and the last emerging:

1. The *Classical School* (later evolved into the *Neoclassical*, *Neo-neoclassical* and *Monetarist School*), mainly followed by Harvard University (the Harvard boys) and the University of Chicago (the Chicago Boys or Neo-quantitative School, led by Milton Friedman) that advocates for individual freedom and non-state intervention in the economy. This School of Thought affirms that there are any market failures and people always achieve optimum Paretian situations. But this model based on individual success is less credible, after the sovereign bankruptcy of Puerto Rico, the substantial weakening (and even disappearance) of the middle class in many developing nations, and the growing difficulties to make sustainable the economy of the United States. A nation with an external debt of more than 20 trillion dollars, and an annual payment of interest on more than trillion dollars (2017 data).
2. The *Ordoliberal School*, born at the University of Freiburg, Germany, which the State sets the goals to follow and the free market try to achieve them. Therefore, there is a degree of public intervention, whose benefits derived from the public intervention (crowding-in effects), generate economic miracles, that is, economic growth rates above 10% per year. At this respect, The German and Austrian economic miracles of the 1950s and in the 1960s the economic miracles of Spain and Portugal followed this model.
3. The *Keynesian School*, born at the University of Cambridge, UK, openly advocates for public intervention, especially when the private sector is depressed during a recession.
4. The *Solidarity and Social Economy School* that is emerging in some Latin American and Spanish universities, defined by impulsing the economy, especially in a recession, with a combination of solidarity developed in the civil society, NGOs and cooperatives, mixed with public intervention

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