

## Chapter 7

# E–Social Entrepreneurship and Social Innovation: The Case of On–Line Giving Markets

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### ABSTRACT

*In this paper the authors mainly aim at describing some organizational features of a particular kind of social enterprises that have emerged since the development of web 2.0: peer to peer charities and e-social banking. They will define first the traditional social enterprise and how this phenomenon has evolved in recent years. Then they will explain how the philosophy of Web 2.0 offers new opportunities for the development and growth of these social initiatives. Thirdly, they will detail their main features obtained from the study of twelve initiatives – the most relevant at present – which they have called 2.0 social enterprises (peer to peer charities and e-social banking). The authors will finally offer some reflection on main dilemmas and challenges that could be faced in a short term future.*

### INTRODUCTION

Entrepreneurship, business social orientation and web 2.0 are three areas of growing interest in last years, which converges in this work into a kind of entities that emerged in the first decade of the twenty-first century: peer to peer Charities and social e-banking. This paper aims at identifying common features and patterns across this social entrepreneurial organizations adopting enterprise 2.0 and technology scope (Markfleet, 2008).

First of all, we would like to set this kind of entities at the intersection of two phenomena: social entrepreneurship and Web 2.0 development. Social enterprises were set up mainly in the last quarter of the twentieth century. Indeed, the demand of high levels of competitiveness in economic activities caused, in that period, a “natural selection” of sectors, territories and social groups that resulted in job losses in traditional sectors (agricultural and industrial) and consequently, in high rates of unemployment. This economic scenario made the different social agents adopt some strategies in order to include the excluded. Therefore, in most

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Western countries arise the social enterprises as a mechanism to alleviate this situation.

Later on, in the early twenty-first century, Internet opens to a new phase of development -Web 2.0-, emerging multitude of initiatives inspired by social networking and even other kinds of social organizations where main actors -rather than excluded people of developed countries as in the case of the traditional social enterprise-, are agents, projects and social entities that perform their work in developing countries, either directly or through local or international non-governmental organizations (NGOs). It is in this context where we can locate peer to peer Charities, entities undoubtedly characterized by a social sense -their main targets are people with scarce resources, but very different from social enterprises of the end of the century- which are sources of funding for entrepreneurship, among other aspects.

In third place we will mention the main characteristics of peer to peer Charities and social banking, using data obtained from various sources: primary and secondary. We will attempt to describe its founders are, their organizational design, processes and growth strategies, among others.

Finally, as a result of obtained data and exposed features, we will propose a series of questions or dilemmas that can influence the development of such organizations in a short-term future because of their special characteristics.

## **THE TRADITIONAL SOCIAL COMPANY AS A STARTING POINT**

### **Main Features of the “Traditional” Social Entrepreneurship**

The term social entrepreneurship began to appear routinely both in the general-interest and specialist press in the early 1990s. First descriptions of social entrepreneurs ranged from “anyone who starts a not-for-profit” or “not-for-profit organizations starting for-profit or earned-income ventures”

(Wolk, 2007) to “business owners who integrate social responsibility into their operations” (Dees, 2001).

Famous are those social enterprises specialized in recycling such as Green Works in England (Clifford, & Dixon, 2005) or in biodynamic agriculture as Sekem (Seeclos, & Mahir, 2003).

Although there is no universally agreed definition of a social enterprise, there appears to be a general consensus that it is a business with primarily social and/or environmental objectives, whose surpluses are principally reinvested for that purpose either in the business and/or a community rather than being driven by the need to maximize profits for shareholders and owners (DTI, 2002). In this definition, the following features are highlighted: double bottom line, commercial and autonomy orientation.

### **Double and Triple Bottom Line**

Social enterprises can be distinguished from other nonprofits organizations by their strategies, structure and values (Dart, 2004). Social enterprises have two basic objectives, social and economic, which are integrated into their business strategy. Therefore, some authors suggested that the definition of entrepreneurship should be modified to include the creation of ‘social and economic value’ and thus applied to both private, entrepreneurial ventures as well as to social enterprises (Chell, 2007).

This way, it is acknowledged that contributions in the creation of companies are not only economic but also social, which in the case of social enterprises will be obviously larger.

Nowadays, the concept of the bottom line has expanded to include environmental (triple bottom line) outcomes. This trend has called the attention of policy makers and practitioners who are interested in the potential contribution of social enterprises to economic, social and/or environmental regeneration and renewal.

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