The Discussion of Social Entrepreneurship: Review of the Literature

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Abstract. The purpose of this article is to explore the various discussion of social entrepreneurship. Social entrepreneurship provides a unique opportunity and assumptions to question, challenge and rethink from different perspective of management and business research. This article offers a comparative analysis of commercial entrepreneurship and social entrepreneurship using a prevailing analytical model from commercial entrepreneurship. The analysis highlights key differences and similarities between commercial entrepreneurship and social entrepreneurship. This article also presents a framework on how to approach the social entrepreneurial process more effectively and systematically. Social entrepreneurship is a process of creating value by combining resources in new concepts. These process are intended primarily to get the opportunities to create social value by stimulating social change or achieve social needs. When viewed as a process, social entrepreneurship involves the offering of products and services but can also refer to the creation of new organizations. This article focuses and analyses the literature finding of social entrepreneurship.

1 Introduction

Commercial entrepreneurship is important in the growth of the business sector as well as a driving force behind the brisk expansion of the social sector. In addition commercial entrepreneurship is also becoming an important factor in the development and good of societies, this is supported by most academics and economists. Besides that, commercial entrepreneurship is considered to be an important mechanism for economic development through employment, innovation and welfare effects [42,1,53,54]. The dynamics of commercial entrepreneurship can be vastly different depending on institutional context and level of economic development. There are considerable differences across countries in the orientation of entrepreneurial activities [26]. The nature and structure of entrepreneurial activities varies across countries as reflected by, for example, the relative volumes of necessity and opportunity entrepreneurship.

Furthermore, entrepreneurial activities considered to be an important mechanism through employment, innovation and corporate social responsibilities. In stages of depression, due to limited demand which implies limited profits forced private sector of economy to not develop entrepreneurial action. Social economy is a business activity involve government and the private sectors. Social needs and or are related to weak social groups covered by the economic entities that are activated within the context of social economy.

[28] Stressed that commercial entrepreneurship is an attempt to create value through recognition of business opportunities. [49] states that commercial entrepreneurship is a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach and leadership balanced. Based on that though of the study, the situation need someone to manage the activities. The important people behind the sense is entrepreneurs but the truth of individuals that think about social vision is social entrepreneurs. [6] states that social entrepreneur is a part breaker with a powerful new idea who combines visionary and real-world problem-solving creativity, has a strong ethical fiber, and is totally possessed by his or her vision for change. This sale entrepreneurs characteristic are mission leader and social value creator. So, social entrepreneurs was the individuals or institution that run or manage the activities known as social entrepreneurship.

Social entrepreneurship as a field that mixes economic and social value creation has a long legacy and a global company. The global effort of Ashoka, founded by Bill Drayton in 1980, to provide seed funding for entrepreneurs with a social vision [3]. Consideration of the role of social vision in the social entrepreneurship movement requires an understanding of the concept. However, there has been some debate about the definition of social entrepreneurship [12,31].
1.1 Objective of Paper

1. Study of social entrepreneurship in research area.
2. To examine the key differences between commercial entrepreneurship and social entrepreneurship.
3. To examine the similarities between commercial entrepreneurship and social entrepreneurship.

2 Review of Literature

There are only few researchers’ conducted studies to analyze the social entrepreneurship. This is because social entrepreneur only few in the social sector. The researches of social entrepreneurship are shown below in chronology area:

The concept of commercial entrepreneurship was first defined more than 250 years ago, many researchers have seized it as one of the special forces of human nature. The practice of entrepreneurship as old as trading between villages and tribes. Many different and useful approaches have been used to explain and to analyze entrepreneurship. They have tended to fall within three main streams of research, which contain a focus on the results of entrepreneurship, the causes of entrepreneurship, and entrepreneurial management [28]. In the first stream of research, economists have explored the results and impacts of entrepreneurship. For example, [42], in his seminal article, examined entrepreneurship as a key process done which the economy as a whole is innovative. The second stream of research has intensive on the entrepreneurs themselves. Research in this stream studies entrepreneurship from a sociological and psychological perspective [14,32]. Last but not least, the third stream has focused on the entrepreneurial management process. This various literature includes research on how to substitute innovation within established corporations [9,10], start-ups and venture capital [50], organizational life cycles [38], and analysts of entrepreneurial success [15,23]. Nowadays, social entrepreneurship activities with an inserted social needs has been rises. The growth of the activities (including employment, innovation, and corporate social activities) in the last decade may suggest existed to new forms of organizing for business innovation that is social entrepreneurship. Social entrepreneurship is the field in which entrepreneurs fit their activities to be directly tied with the goal of creating social value. In addition, they often act with little or no intention to gain personal profit. A social entrepreneur “combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley” [20]. The term of social entrepreneurship is more popular nowadays. However, confusion and uncertainty are constantly noted about what exactly a social entrepreneur is and does. Besides that, it is not clear how social entrepreneurs create large-scale change. There is should be more define in what is meant by the term of social entrepreneur. Social entrepreneurship and commercial entrepreneurship have their differences and similarity. Social entrepreneurship is still emerging for academic inquiry.

Social entrepreneurship is the innovative activity with a social objective in either the institution profit sector, such as in social purpose commercial ventures [19,25] in corporate social entrepreneurship [4] in the nonprofit sector, across sectors, such as hybrid structural forms which mix profit and nonprofit approaches [20]. Besides that, under the narrow definition, social entrepreneurship usually refers to the situation of applying business expertise and market based skills in the nonprofit sector such as when nonprofit organizations develop innovative approaches to earn profit [39,48]. Moreover, mutual across all definitions of social entrepreneurship is the fact that the primary drive for social entrepreneurship is to create social value rather than personal and shareholder wealth [57], and that the activity is characterized by innovation, or the creation of something new and rare rather than simply the replication of existing enterprises. The dominant driver for social entrepreneurship is the social problems and the particular organizational form a social enterprise takes should be a decision based on which format would most effectively mobilize the resources needed to faces that problems. Therefore, social entrepreneurship is not defined by legal form, as it can be pursued through various activities. Certainly, the examples of social entrepreneurship can be found within nonprofit institution, business, or governmental sectors.

Based on business management literature, entrepreneurship is a unique set of activities carried out by individuals or institution with an exceptional mind-set in order to maximize profit. But it different with social entrepreneurship because social entrepreneurship more on creating social values rather than maximize profit. Therefore, the process is closely tied to success. In addition, the business literature differentiates entrepreneurs from business people by including words such as: entrepreneurs “create needs”; while business people “satisfy needs” (2010 Global Report: Global Entrepreneurship Monitor, 2011).

Social entrepreneurs are conceptualized as individuals who see the innovation to the world and grab the opportunities to create social values. They seize opportunities that other people would not noticed. They will take a risks differently than others. Even the term of social entrepreneur was used by the economies growing rapidly, the field of social entrepreneurship lacks knowledge and is in its infancy compared to the wider field of entrepreneurship. The individual success of solving complex social problems are being used to legitimize the field of social entrepreneurship. For example, Stanford University launched Social E Lab as part of its Entrepreneurial Design for Extreme Affordability course, which promotes the use of entrepreneurship principles to solve social and environmental problems [41].
The absence of consensus on a research topic frequently results in scholars working independently and failing to build upon one another’s work, therefore knowledge cannot be accumulated [7]. Social entrepreneurship is a process of combining resources in a new ways to create values. These resource combinations are planned primarily to exploit and explore opportunities to create social value by stimulating social needs. Social entrepreneurship involves the offering of services and products but can also refer when see as a process [31]. Social entrepreneurship or entrepreneurial activity with an embedded social purpose has been on the increased in recent decades. A partial indicator of this field is revealed by the rise in the number of nonprofit organizations, which increased 31% between 1987 and 1997 to 1.2 million, exceeding the 26% rate of new business formation (The New Nonprofit Almanac and Desk Reference, 2002).

3 Results and Discussion

[45] defined social entrepreneurship as “The pursuit of opportunity beyond the tangible resources that you currently control.” Thus, with this definition, emphasis is placed upon how opportunity can be recognized, the process of committing to an opportunity, gaining control over the resources, managing the network of resources that may or may not be within a single hierarchy, and the way in which participants are rewarded [45, 47]. The entrepreneurial organization emphasizes opportunity, not resources. Entrepreneurs must commit rapidly, but cautiously, to be able to accommodate as new information arises. The process of commitment becomes multistage, limiting the commitment of resources at each stage to an amount sufficient to create new information and success before additional resources are required. Furthermore, the entrepreneurial organization uses the resources that invention within the graded control of others and should achieve the system as well as the order.

[37] Did a study on social entrepreneurship on economic development. He focused on factor, efficiency, or innovation of social entrepreneurship in economic development. Entrepreneurship offers a new competition, and as such promotes improved productivity and healthy economic competitiveness [51]. The term social entrepreneur is ill-defined [5, 52], it is fragmented, and it has no coherent theoretical framework [52]. [42], an entrepreneur is an innovator who implements entrepreneurial change within markets, where entrepreneurial change have five manifestations: 1) The introduction of a new/improved goods; 2) the introduction of a new method of production; 3) the opening of a new market; 4) the exploitation of a new source of supply; and 5) the carrying out of the new organization of any industry. [32], the entrepreneur is a person with a high need for achievement. This need for achievement is directly related to the process of entrepreneurship. Entrepreneur is an energetic moderate risk taker. [29] The entrepreneur recognizes and acts upon market opportunities. The entrepreneur is essentially an arbitrageur. [44] Entrepreneurs take initiative, organize some social and economic mechanisms and accept risks of failure. [11] the entrepreneur is characterized principally by innovative behaviour and will employ strategic management practices in the business.

Kate Barr (2008) studied on the topic of social enterprise. She finds out that social enterprise are a nonprofits, businesspeople interested in nonprofits, and foundations. She keep tripping over the lexicon, though, because she don’t think that the commonly used terms are certain, universal, or completely clear. It seems that the “field” encompasses a number of different types of organizations with different definitions and identifiers. Furthermore, looked around the other day to compile definitions for these terms in regular use. Social enterprise is defined by Social Enterprise Alliance as “an organization or venture (within an organization) that advances a social mission through entrepreneurial, earned income strategies.” This often reflects a market-based effort to receive earned income in direct exchange for a product or service. Examples of social enterprise include:

- A substance abuse treatment facility operating a moving company
- An organization promoting college enrollment that provides workshops to educators
- A youth services organization opening a pretzel shop or ice cream shop franchise
- Goodwill thrift stores

Social entrepreneurs are defined by Ashoka as those who “act as the change agents for society, seizing opportunities others miss and improving systems, inventing new approaches, and creating solutions to change society for the better. While a business entrepreneur might create entirely new industries, a social entrepreneur comes up with new solutions to social problems and then implements them on a large scale.

A socially responsible business is defined as a venture (generally for-profit) that seeks to “leverage business for a more just and sustainable world” (Social Venture Network) or “help create a better world by building healthy communities, promoting economic equity, and fostering a clean environment” (Social Investment Forum). In addition to generating a profit for shareholders, these businesses have goals in the areas of economic development, employment, environmental practices, or ethical business practices.

The key distinctions between these terms are the following:

• Social enterprises are defined by revenue source
• Social entrepreneurs are defined by innovative vision and strategy
• Socially responsible businesses are defined by the intention and goals of a for-profit business
It may seem to some people that the definitions are just semantics, but Kate Barr think they’re important if we want to create resources, find capital, and develop a knowledge base. The needs and demands are probably different if the focus is on revenue sources rather than a game changing strategy.

The environment shaping the economy affects the dynamics of entrepreneurship within any given country. This environment is marked by interdependencies between economic development and institutions, which affect other characteristics, such as quality of governance, access to capital and other resources, and the perceptions of entrepreneurs. Institutions are critical determinants of economic behavior (North 1990) and economic transactions [27] in general, and they can impose direct and indirect effects on both the supply and demand of entrepreneurs.

[36] and [37] define competitiveness according to country economic development, distinguishing three specific stages: (1) factor-driven stage, (2) efficiency-driven stage and (3) innovation-driven stage; and two transitions between these stages. Countries in the factor-driven stage compete through low cost efficiencies in the production of commodities or low value-added products. The first stage is marked with high rates of non-agricultural self-employment. Sole proprietorships is the self-employed probably account for most small manufacturing firms and service firms. Almost all economies experience this stage. These countries neither create knowledge for innovation nor use knowledge for exporting.

[48] was defined social entrepreneur are people who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not and cannot meet and who gather together the necessary resources (generally people, often volunteers, money, and premises) and use this to ‘make a difference’.

[20] though that social entrepreneur play the role of change agents in the social sector by adopting a mission to create and sustain social value, recognizing and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation, and learning: acting boldly without being limited by resources currently in hand: and exhibiting the heightened sense of accountability to the constituencies served for the outcomes created.

This article also presents a framework on how to approach the social entrepreneurial process more effectively and systematically. Definition of entrepreneurship by Stevenson’s was used and build on [40] analytical framework from the entrepreneurial management literature. Sahlman’s model more captures on the key elements that are critical thoughts for commercial entrepreneurship and thus provides a strong basis for developing a framework for social entrepreneurship. This model shown the creation of a dynamic fit among four interrelated components: the people, the context, the deal, and the opportunity (PCDO) [40]. This is because these elements are dependent and are situationally, the entrepreneur should manage the fit and must adapt continuously to new situations.

The first interrelated components is people. People is defined as those who actively involved in the venture or who bring properties to the venture. They (people) include both those within the organization and external whose should be participate for the venture to succeed. People’s contacts, attitudes, skills, knowledge, goals, and values provide the resource mix that contributes centrally to success. The whole person with multiple motivations and capacities creates the energy and controls the environment of the outcome whether in nonprofit or in for-profit organizations.

The second interrelated components is context. Context is defined as those elements outside the control of the entrepreneur that will influence success or failure. Contextual factors include the macro economy, tax and regulatory structure, and sociopolitical environment. However, labor, religion and politics are examples of specific contextual factors that can frame the opportunities and the risks that a new venture faces involve in economic environment, tax policies, employment levels, technological advances, and social movements. With this definition, it is clear that one of the critical elements for success is defining those elements that must be consciously dealt with, and those that can simply play out as they will. In addition, leaving out a single critical element of context can be the cause of failure.

The third interrelated components is deal. Deal is the element of the compact that defines who in a venture gives what, who gets what, and when those deliveries and receipts will take place. Each transaction delivers a bundle of values. They include economic benefits, social recognition, autonomy and decision rights, satisfaction of deep personal needs, social interactions, fulfillment of generative and legacy desires, and delivery on altruistic goals.

Last but not least, the next interrelated components is Opportunity. Opportunity is defined as “any activity requiring the investment of scarce resources in hopes of a future return” [40]. One of the significant problems in the study of entrepreneurship is that the definition of opportunity is not certainly shared by the several populations who should work together to create transformation. Often change affects power relationships, economic interests, personal networks, and even self-image. A critical factor that creates motivation for joint action arises out of the ability to create a common definition of opportunity that can be shared. Even slight perturbation in one of these PCDO domains can have great inference for the others. Changing people often requires a different deal. Furthermore, changing context can render the skill set of one group obsolete and make another group’s skills more significant. Thus, different opportunities are perceived in differing situations, and adjusting a deal may attract new players and drive away the old. Entrepreneurs should consciously manage the dynamic fit between these elements (see Fig. 1 [40]).

PCDO framework from commercial entrepreneurship can be applied to social entrepreneurship. First highlights
the key of similarities, then identifies significant differences in comparative analysis of the two forms of commercial entrepreneurship for each of the PCDO elements. This research also offers the basis for illustrate out lessons that can be useful for social entrepreneurs and researchers. In the following analysis, the first step is examine opportunity and context, which together determine the scope of the opportunity. Then, turn to a discussion of the people and deal dimensions of the venture.

Source: Sahlman (1996)

PCDO: people, context, deal, opportunity.

Fig. 1. PCDO Framework.

Last 2006, Nobel Peace was gave award to Muhammad Yunus. Muhammad Yunus is one of the most renowned social entrepreneur. He got a prize for his endeavors in microfinance. The Grameen Bank has been highly regarded as an exemplar of social enterprises that help address poverty in Bangladesh [55,56]. Although, in the Philippines, Sebastian (2010) illustrates the cases about social enterprises such as ECHOstore, Hapinoy, and Rags2Riches. Gawad Kalinga continues to build on its ‘bayanihan economics’ (Meloto, 2013), fostering its Center for Social Innovation through the Enchanted Farm at Angat, Bulacan – serving as the ‘Silicon Valley for social entrepreneurs’ [33].

Nowadays, the field of study and practice is continuously involve social entrepreneurship concepts. However, this article review of literature shows that developing a framework on how to approach the social entrepreneurial process more effectively and systematically. This is supported by Noreen Bautista, General Manager of Consulting and Business Services for Social Enterprises (CBS) under the BCY Foundation. She narrates how neophyte social entrepreneurs often struggle to make sense, understand, and organize their strategies once pitted in the ‘real world’ of social entrepreneurship. Although the field is in constant development through trial-and-error methods, there is a need for frameworks that are simple, easy-to-understand, yet grounded on theory and easy to apply in the real situations.

In recent times, research on business models are more popular. Many researcher and practitioner involved with social entrepreneurship [16,18] have borrowed the concept of business models – modifying and alteration them to fit the contexts of social enterprises’ must balance to money-mission relationships [2,8,25,34,35,56].

Social entrepreneurship has been wrote on the conceptualization by many Scholar. As an academic field, Gregory Dees is one of the pioneers of social entrepreneurship, wrote the seminal article “The Meaning of Social Entrepreneurship” [16] that has been various cited. The other articles and books wrote by Dees focusing on non-profit and for profit social entrepreneurship theory [16,17,18]. Electronic databases such as EBSCOhost and ProQuest feature several peer revised articles related to the topic, signifying the growing interest of scholars all around the world in developing social entrepreneurship concept.

Another framework in doing for-profit social ventures and framing theories for social entrepreneurship, authors have stated the complexity of managing the financial and social bottom lines [16,17,4]. Austin et al. (2006) have tackled the overlaps between the commercial entrepreneurship and social entrepreneur frameworks, building on Sahlman’s (as cited in Austin et al, 2006) PCDO framework. Figure 1 describes the components of the framework, namely People, Context, Deal, and Opportunity.

PCDO framework by Austin et al. (2006) proposed a social entrepreneurship framework, putting an enterprise’s social value proposition at the center as shown in Fig. 2.

Fig. 2. Social entrepreneurship framework [4].

The social entrepreneurship framework of Austin et al. (2006) shows how the entrepreneurial activities, especially the PCDO components have a connection with the usage of business model frameworks. The business model frameworks guide the researchers used a visual thinking to identifying People, Context, Deals, and Opportunities in organizing value creation. Besides that, in designing a business model, it is important to account for the Context or PESTEL factors and match the strategies based on changing conditions.
The most importance in the foregoing analysis and framework underscore is on the SVP for practitioners. This is because, the fact shows that what drives most social entrepreneurs develop social entrepreneurship and make it more important.

Nevertheless, in practice, social entrepreneurs prefer to achieve an organizational goals as a means to achieve social needs rather than on social impact itself. Although, the practicality of this approach based on a number of factors limit. While people and resources associate the venture’s growth are needed, as Austin et al. (2006) analysis has emphasized, handling human and financial resources for social entrepreneurship is really difficult task. The process of procuring resources by social entrepreneurs was very challenges and it becomes an importance of the organization’s activities. Thus, social entrepreneurs may become so internally focused on procuring resources to support their organization’s growth that the paths to creating social value may become blurred [4]. The resources are often a means of delivering on the SVP, but a broader perspective is needed.

To deliver effectively on the SVP, The social entrepreneur must reach a state of the key components of the framework (opportunity, people, capital, and context). The complicating fact for external alignment is the dynamic nature of the context. Therefore, the SVP that made sense at the time of the venture’s founding may in fact evolve dramatically as perturbations in the operating context are continuously occurring [4]. Enduring adjusted to how relative changes can affect the opportunity and the human- and financial-resource environment causing the need for realignment is a critical skill for the social entrepreneur. In addition, researchers should remain conscious of a unique characteristic of the operating context, namely, that the societal demand for social-value creation is huge. Therefore, this will creates a place of opportunities for social entrepreneurs and an associated ever-present extra temptation to address for them. Furthermore, a social entrepreneur’s task is then to determine at any given moment how to define the appropriate scope of the opportunity that can be pursued effectively. But, the available people and resources will be dependent on ensuring that the scope is aligned internally. Moreover, the scope can cause a wrong alignment that could effect’s the core SVP. Pursuing to address a very broad set of issues, when the organizations resources are spread too little with very limited human and financial resources, may actually result in low social impact. Although, a social entrepreneur may offer significant attention to achieving both external and internal organizational goals, it is also important to remember that social impact can often be more effectively generated from beyond organizational limits.

4 Conclusion

After the study of past research about social entrepreneurship, it is clear out that a social entrepreneurs is a person that important in social entrepreneurship. Then, the social entrepreneurship is important to communities in social needs. Besides that, social entrepreneurship as innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors. However, most definitions of social entrepreneurship, as well as in the academic literature, focus primarily on social entrepreneurship within and across the nonprofit and business sectors. After the study of literature review on social entrepreneurship, it is clear out that communities needs social entrepreneurs to help them in achieve social needs. An exploration of the history and future trends within the wider social economy movement provides scholars and practitioners with an understanding of the environment or communities and gives them the opportunity to assess various models of social enterprise and their application in practice [43]. Social entrepreneurship focused on social value rather than create profit. Social value is value created by the participants but enjoyed by society as a whole [13]. This article also presents a framework on how to approach the social entrepreneurial process more effectively and systematically. This critical analysis of relevant literature serves as a key step in the understanding of how social enterprise manages and social entrepreneurs can use visual frameworks in management commercial and social value propositions. The researcher encourages scholars and practitioners to enhance and improve the social entrepreneurship through practice. Furthermore, the researcher recommends tough qualitative research in the future, perhaps case study analysis or involved action research in the testing of recommends tough qualitative research in the future, perhaps case study analysis or involved action research in the testing of the proposed framework. Moreover, the social entrepreneurship can be further synthesized with cutting edge management.

5 Suggestions

This paper convey further researchers who are interested to do research on social entrepreneurship and having a confusion on the commercial entrepreneurship and social entrepreneurship also with the entrepreneur and social entrepreneur. There are some dimension have been used by mostly researchers continuously such as innovation, risk taker and social entrepreneurship is creating social value.
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