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Development of social entrepreneurship initiatives: a theoretical framework

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Abstract

There is a wide global attention to social entrepreneurship. However the social entrepreneurship theory is still in the stage of conceptualization as different countries have different social entrepreneurship coverage specifics and attitudes to social entrepreneurship initiatives. This paper tries to complement the lack of research work relating the social entrepreneurship phenomenon by proposing a conceptual framework, which encompasses the social entrepreneurship initiatives development process, the contextual aspects and social value. The main results are grounded on the decomposition of social entrepreneurship process and development the social entrepreneurship initiatives conceptual framework. The theoretical research has revealed that circumstances and social-entrepreneurial context are the most important factors for all stages of social entrepreneurship initiatives process.

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Introduction

Social entrepreneurship in the past decade garnered particular attention from policy makers, academics, practitioners, and the general public. It is important tool to tackle social challenges and to respond to them when the market and the public sector do not. Social enterprises and social entrepreneurs create innovative initiatives and solutions to unsolved social problems, putting social value creation at the heart of their mission in order to create benefit to different individuals, ‘communities’ and other groups. Social entrepreneurs are described as “new engines

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for reform” (Dees, 2007). Analysis of theoretical and empirical studies allows to state that there is variety of attitudes on social entrepreneurship topic. Chowdhury & Santos (2010), Perrini, Vurro & Costanzo (2010) pay attention for further research of social enterprises scaling-up stage, Perrini, Vurro & Costanza (2010) for explanation of factors influencing development of entrepreneurship initiatives. Others researchers state the importance of social value creation and argue about lack of research in social entrepreneurship process and social initiatives development (Sundaramurthy, Musteen, & Randel, 2013; Weerawardena & Mort, 2012; Mair & Martí, 2006; Santos, 2012). Austin, Stevenson & Wei-Skillern (2006) confirm that evaluation of social entrepreneurship as activity, its inputs and gained impact is complex, complicated, and not metered process. As there is no unified attitude to development of social entrepreneurship initiatives, there is a need for further research at this point (Perrini, Vurro, & Costanzo, 2010). Based on the above arguments we propose the following questions to conduct this research: what are drivers for social entrepreneurship initiatives? How social entrepreneurship initiatives might be developed?

The purpose of this paper is to provide a theoretical framework of social entrepreneurship initiatives development. The paper is built on the analysis and synthesis of scientific literature which enable to describe the phenomenon of social entrepreneurship and creation of social entrepreneurship initiatives. Literature analysis was conducted and based on results a theoretical framework was proposed for further research. This paper extends previous studies by providing theoretical framework which might be used for further research in fostering social entrepreneurship initiatives in the different context.

Answering research questions is important for several reasons. The analysis provided in this paper can help managers to create the effective social entrepreneurship initiatives process and encourage them to start new initiatives. The theoretical implications could be useful for national governments, local authorities, policy makers as the proposed framework could contribute for creating more appropriate conditions for development of social entrepreneurship initiatives.

1. Importance of social entrepreneurship and its initiatives

The social entrepreneurship is quite new and complex phenomena. Various authors provide different definitions of social entrepreneurship. In them components range from social justice, social value, viable socio-economic structures, forging a new equilibrium, employing innovation, entrepreneurial skills, market gaps, solving social problems, to social entrepreneur as a change agent (Zahra et al., 2009). Michael Porter in his interview even associated social entrepreneurship with new, future order, so called transformational capitalism, as social entrepreneurship creates shared value (Driver, 2011). Social entrepreneurship is beneficial for society as it is as one kind of social innovation and might bring benefits to various stakeholders: for business - rise in incomes and profits, customer's volume, loyalty and satisfaction, business reputation; for the social targeted groups: reduction of unemployment and social exclusion of social targeted groups; for the state: favourable public opinion, reduced pollution and the state's image” (Lauzikas & Cernikovaitė, 2011).

It can be explained by statement, that for each country, no matter what its social or economic development is - one of the most important success factor is the stability of society and, therefore, in these times it is necessary to use such social innovation methods as the social entrepreneurship (Kostetska & Berezyak, 2014). Social entrepreneurship development, the emergence of it internationally is influenced by the three main factors – the demand (public desire for social services/products, as customer or user), the supply (social entrepreneurs) and third – because of the environment and institutional factor that influence the previous two factors (Chell et al., 2010). These days the social entrepreneurship phenomenon in the world has gained momentum and as argued by Kostetska & Berezyak (2014) for social entrepreneurship development, its promotion and expansion in the world various foundations, organizations are being established, such as the „Schwab Foundation for Social Entrepreneurship” in Switzerland or the „Ashoka Foundation” in India. However, social entrepreneurship is still a growing area for scientific research and the social entrepreneurship theory is still in the stage of conceptualization (Greblikaite, 2012). Certo & Miller (2008) highlighted few directions for researchers from different disciplines – in education for social entrepreneurs, in their characteristics and performance improvement examination, as well as networks and the importance of venture capital considerations, and value creation of social entrepreneurship. We can state, that different countries have different social entrepreneurship coverage specifics. Chell et al. (2010) argues that even in Europe there is variation in the social entrepreneurship elaboration. So in each country with different influenced

factors is likely that there will also be variations in social entrepreneurship situation: drivers, opportunities, challenges and different trajectories and success stories of social entrepreneurship initiatives development.

Social entrepreneurship intentions and initiatives usually come from subjective norms and attitude (Prieto et al., 2012). Social entrepreneurship initiatives development is a process, where social entrepreneurs as main actors, with certain skills are seeking to create social value (Adomaviciute et al., 2012) They are influenced by the environment that enhance and stimulate social entrepreneurs to take initiatives (Oana & Shahrazad, 2013) and innovations, that play one of the crucial role in the social entrepreneurship and its initiatives (Datta, 2011).

Researchers, authorities and large enterprises worldwide are giving more attention to the social entrepreneurship; it seems that it is a new transformation of market and society, a great rearrangement of doing business. For example, Government of the United Kingdom has provided a new method of funding social entrepreneurship initiatives (Tulba, 2014). One of the IT sector leaders - Google - has launched social entrepreneurship initiatives in various fields (Dees, 2007). However situation in Central and Eastern European countries, including Lithuania, lags behind and it needs to be changed in order to gain stability of society, to fulfil the market need, to change the perception of business, to reach commitments to European Union and achieve given objectives.

2. Method

The paper is built on the analysis and synthesis of scientific literature which enable to describe the phenomenon of social entrepreneurship and its initiatives. Literature analysis was conducted and based on results a theoretical framework was proposed for further research. The conceptual model is build based on input-process-output logic model. Main variables based on theoretical analysis were identified. Inputs are contextual factors, organizational and individual; processes are activities based on entrepreneurship approach, such as opportunities recognition, formation and exploitation; and outputs that arise from inputs and processes are benefits created by activities, such as social value and possibilities for replication of social entrepreneurship initiatives.

3. Results

The theoretical research has showed benefits that social entrepreneurship brings; social-entrepreneurial context factor that is most important challenge for the social entrepreneurs – lack of systematic approach on legal, tax, cooperation and institutional conditions, preparation of professionals (Kostetska & Berezjak, 2014). Arguing that there is lack of research in area, the conceptual model of the social entrepreneurship initiatives development was created and it is presented in Figure 1.

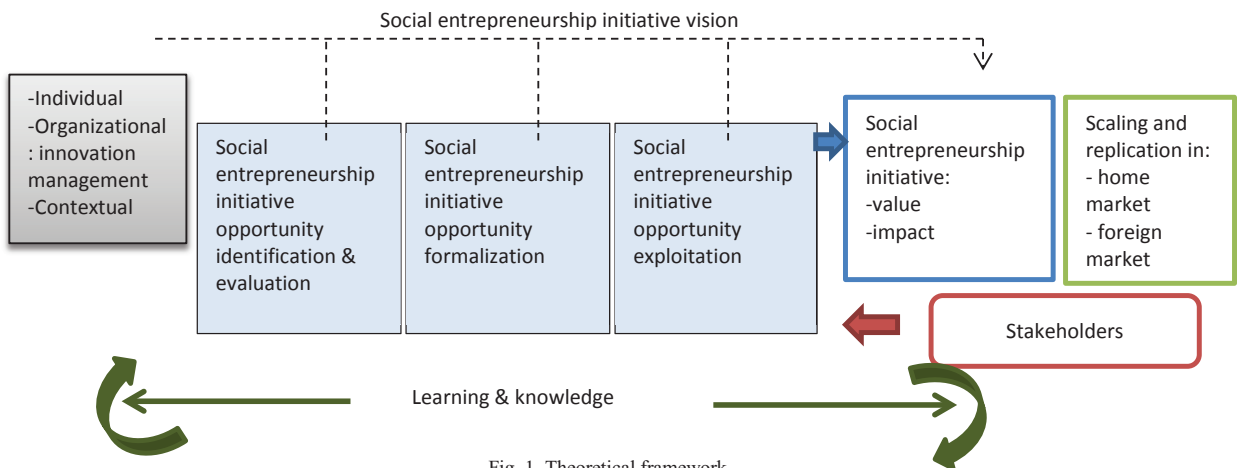


Fig. 1. Theoretical framework

The process of social entrepreneurship initiative development covers several stages: context, processes and results. The importance of context was analysed by Grimes, McMullen, Vogus, & Miller (2013), who stated that

first of all it is necessary to explore the environment and conditions that provide opportunities to address social problems by social entrepreneurship initiatives. The role of social entrepreneur in social entrepreneurship initiative development was highlighted by Zahra, Gedajlovic, Neubaum, & Shulman, (2009). They argue that social entrepreneurs create a significant impact to their communities - by using business models they provide solutions for difficult and complex social problems. This is how shared value is created, that consist of both – social and economic value. Perrini, Vurra, & Costanza (2010) have identified the following stages of social entrepreneurship development: 1) social entrepreneurship opportunity identification; 2) opportunity evaluation; 3) opportunity exploitation; 4) expansion. Bessant & Tidd (2011) in the process of social entrepreneurship highlights: the objective of social responsibility; possession of vision; opportunity identification, which can be both conscious and unconscious; the search for support to implement changes and the importance of risk management.

Based on Perrini, Vurra, & Costanza (2010) proposed social initiatives development logic a conceptual model was formed, when: 1) the opportunity is determined, that reflects entrepreneurs perception of the existence of inappropriate social situation; 2) evaluation, focusing on the balance between projects sustainability and social impact; 3) mission, operating principles and innovativeness of the proposal are defined when forming the opportunity; 4) social responsibility mission and principles are transferred to the appropriate model, form; 5) an opportunity occurs due to underlying potential of social entrepreneurship model and makes it possible to expand in a different context and provide a wider coverage of social impact. When analysing the social entrepreneurship initiatives development process it is necessary to highlight the social entrepreneur - the importance of his personality; his understanding of the social problem, activities organisation; his ability to solve problems in a sustainable approach, to use different sources of information and under certain environmental conditions to start social entrepreneurship initiative. As well as highlighting the social value combination with sustainable economic model and that all stages of the process are taking place in a certain context.

Concern regarding social entrepreneurship initiatives development should come from different stakeholders by joining efforts, seeking for long-term benefits and gaining synergies (Lauzikas & Cernikovaite, 2011), nevertheless main driver for change is social entrepreneur himself (Adomaviciute et al., 2012). In summary it can be stated that social entrepreneurship initiatives development process starts with operation of pro-active relationships with various stakeholders and is led by the vision, that social entrepreneur sees clearly and works purposefully to achieve social value creation and successful transfer of initiative to other markets.

Discussion and Conclusions

This study appears at the intersection of social responsibility and entrepreneurship literature, combining the social value, entrepreneurial behaviour and opportunity recognition concepts. The paper provides conceptual model of the social entrepreneurship development initiatives, which connects contextual and entrepreneurial individual factors, social opportunities recognition factors and results as nascent values from the social entrepreneurship development process.

The results of analysis showed that contextual factors play crucial role on the social entrepreneurship initiatives development process. Contextual factors, especially institutional, legal and social environment factors could support or be main barriers for social initiatives development. Lithuania could be a good example for such discussion. Problem that was raised in 2007 – “researches about social enterprises activity show that the Law of Social Enterprises insufficiently encourages businessmen to take initiatives” (Simanavičienė, 2007) is still present now, at 2015. Benefits that social entrepreneurship brings to society are clearly stated in the researches, as well as fact that European Union gives greater attention to social entrepreneurship (Ministry of Foreign Affairs of the Republic of Lithuania, 2012). Lack of information, shared agreement on definitions, legal framework decisions raises a question if what has been done in scientific research, by authorities and business was enough? Are changes that are identified to be provoked by social entrepreneurship still to come? These questions are still open.

Summarizing we can state, that this paper extends previous studies by providing theoretical framework which might be used for further research in fostering social entrepreneurship initiatives in the different institutional context, by government organisations or business. Other direction might be based on searches of empirical evidence of proposed conceptual framework. Comparative study of social entrepreneur’s behaviour in the context of Central

and Eastern European countries would be useful. Another direction could be a deeper insight in how entrepreneurs replicate social initiatives to foreign markets and focus on international social entrepreneurship issue.

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