

Social Entrepreneurship: Making Change in the World?

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Abstract. The aim of this paper is to shed light on social entrepreneurship in general, explore challenges it meets as research field, and discuss difficulties it faces when trying to make change in the world. Although there have been socially oriented entrepreneurs as long as communities have existed, social entrepreneurship as a research area is relatively new. Being a novel field, social entrepreneurship is characterized as fragmented lacking commonly accepted definition, sufficient empirical data, and well established theoretical ground on which to build research. Notwithstanding such theoretical and empirical weaknesses, the importance of social entrepreneurship is widely acknowledged because social entrepreneurs are addressing multiple social problems not solved by governmental institutions or business organizations. However, it is to be assumed that if neither public nor private sector organizations with stable economic foundation are able to alleviate poverty and improve the well-being of the disadvantaged and underprivileged through elimination of inequality, social exclusion and discrimination, such undertaking is a huge effort for social enterprises that typically lack own resources having to rely on external funding, voluntary work, and above all, own resourcefulness, creativity and innovativeness. Consequently, trying to provide creative solutions and innovative models for addressing social problems coupled with challenges inherent to emerging research field with substantial theoretical as well as empirical limitations, social entrepreneurship may give rise to multiple problems. To explore the current problematic of social entrepreneurship, this paper tries to find and answer to the following questions: (a) what are the main challenges social entrepreneurship faces? (b) how may such challenges be turned into opportunities? This paper is review based on previous literature in the field.

Keywords. Social entrepreneurship; social entrepreneur; social problems; making change in the world

1. Introduction

Until recently, there has been a general assumption that commercial profit is the underlying motive driving entrepreneurial success, and recognition that the majority of conventional entrepreneurship research is taking place in market-driven, profit-oriented contexts characterized by the ultimate mission of creating economic value and wealth for shareholders (Dacin et al. 2010). More recently, research has found that entrepreneurs need not be profit-searching at the expense of their vision (Dees 1998) bringing forth social aspects with focus on increasing well-being instead of financial output, and that entrepreneurs do not have to limit themselves to business (Dacin et al. 2010). Due to such findings, there is currently an established body of work that has extended the discourses of entrepreneurship to include social aspects (Steyaert and Hjorth, 2006), broadened the understanding of social entrepreneurship, and accentuated the possibility to develop theoretical understandings of social entrepreneurship within the fields of entrepreneurship, management and organization, and economics (Dees 1998). Accordingly, social enterprises are becoming important organizational players in market economies (Di Domenico et al. 2010), and the concept social entrepreneurship seems to be gaining a well-established position in business. Importantly also, social entrepreneurship has started to make entrance to scholarly books and, in particular, the number of publications in academic journals has significantly risen in recent years (Kraus et al 2014). In the same vain, there are more and more associations and educational institutions studying and implementing social entrepreneurship (Peredo and McLean 2006).

Due to the increasing interest in social entrepreneurship, several questions have been answered, while there still remains also great number of unaddressed concerns. One of the most essential questions appears to be, whether social entrepreneurship is distinct from other forms of entrepreneurship (Dacin et al. 2010). Social entrepreneurship places special importance on the creation of social value, although there may be great variation in the social value creation among the socially focused enterprises (Stevens et al. 2014). Social value is achieved by sustainable social change that is generally meant to benefit the society at large. Consequently, a mission based on social change sets the field and its practitioners apart (Martin and Osberg 2007). Social enterprises appear in diverse environments, but are primarily found in communities that lack access to resources (Peredo and Chrisman 2006). Such communities can be found both in rural and urban contexts (Di Domenico and Haugh 2010). In more general terms, social entrepreneurship strives to support societal goals filling

group needs through cooperation between different stakeholders with the aim of hindering social exclusion, and increasing market participation among the underprivileged. Accordingly, social entrepreneurship may solve concrete social problems such as poverty and discrimination (Estrin et al. 2013) as well as environmental problems through cooperation of scholars, foundations and other field building actors (Huybrechts and Nicholls 2012).

As social entrepreneurship is perceived as field that may have great potential to solve social problems while at the same time facing important unaddressed concerns stemming from theoretical as well as empirical limitations, this paper aims at adding knowledge about social entrepreneurship by exploring particularly challenges this emerging research area is facing. To further contribute to the field, this paper also discusses opportunities that social entrepreneurship may provide in its pursuit of creating social value. Accordingly, to gain better understanding of social entrepreneurship, increase knowledge about its challenges, and to explore what kind of opportunities it may recognize and exploit in complex social context in the bottom of the social pyramid, this paper draws on previous literature in the field. Based on the literature, conclusions drawn. The underlying assumption is that social entrepreneurship meets challenges while trying to constitute legitimate research field typically based on commonly accepted definition, clear boundaries, established conceptual framework, broad empirical data, and own specific approaches and theories are needed to facilitate sustainable social change. It is also assumed that such challenging theoretical, conceptual and methodological concerns may constitute a significant hinder for social entrepreneurship in its pursuit to provide creative and innovative solutions for achieving ground breaking social changes needed for adding social value by increased wellbeing among the disadvantaged. Furthermore, it is assumed that despite the challenges, social entrepreneurship may achieve sustainable change by finding and exploiting opportunities that improve social conditions of unprivileged peoples in complex social contexts inflicted with diverse social problems throughout the world. The structure of the paper is as follows. To begin, the concept social entrepreneurship and its emergence as a research area are presented. This is followed by an examination of challenges inherent to social entrepreneurship as emerging research field. Thereafter, opportunities social entrepreneurship may provide while trying to create social value through social innovations are discussed. Finally, conclusions, based on the posed questions and on the review on previous literature, are presented, and a suggestion for future research is made.

2. Social Entrepreneurship

In order to add knowledge, and better understand the essence of social entrepreneurship, it is important to examine the emergence of this phenomenon examining its development within the broader domain of organizational studies, and above all, study the relationship between social entrepreneurship and commercial entrepreneurship as it is typically noted that social entrepreneurship is anchored in the broad domain of entrepreneurship, although it assumes different research area while retaining its own distinct identity (e.g. Shaker et al. 2014). Although the concept social entrepreneurship is of recent origin (Huybrechts and Nicholls 2012) as well as the interest in it, the proper phenomenon is not new (Dacin et al. 2010). There have always been innovative entrepreneurs aiming at common good (Huybrechts and Nicholls 2012) with a capacity of leveraging resources for solving social problems with organized activities focused on social issues (Dacin et al. 2010). It is also indicated that social entrepreneurship has long roots in civil society (Huybrechts and Nicholls 2012) where it traditionally has addressed unmet social needs.

Emergence of social entrepreneurship

The concept social entrepreneurship is first known to have been used in 1970s within the literature on social change (Banks 1972 cited in Mort and Weerawardena 2008). Into widespread use the terms came in the 1990s, with the help of leading business academics and practitioners (Mort and Weerawardena 2008). In 1981, the founding of Ashoka (www.ashoka.org/), an organization devoted to fostering social entrepreneurship, and in 1998, the founding of Schwab Foundation (<http://www.schwabfound.org/>), another field building organization, have also contributed to the generalization of the term (Martin and Osberg 2007). The year 2006 accounts for important milestone in social entrepreneurship because three important publications appeared in this research domain. First, a special issue on social entrepreneurship was published in the *Journal of World Business*. Second, Oxford University Press published a volume on social entrepreneurship including chapters from leading practitioners and academics in the field. Third, Palgrave Macmillan published *Social Entrepreneurship* (Eds. Mair and Mati), a book, addressing especially social entrepreneurship theory and research. These publications can be regarded as indicators of the legitimization of social entrepreneurship as a field of academic enquiry. In addition, in 2006 Muhammad Yunus was awarded the Nobel Peace Prize as a result of the foundation of Grameen bank. Grameen bank enhanced

social entrepreneurial practice by providing microcredit to people previously denied access to funding through traditional banking systems. (Sargeant and Wymer 2008) Such microcredit bank represents a new innovative social model that has had positive impact on the lives of people living in extreme poverty (<http://www.nobelprize.org/nobel>). Social entrepreneurship has also been inspired by the fact that governments in 1980s and 1990s started to regard social entrepreneurship as an optional welfare provider because public organizations started to reduce the provision of social services (Dees 1998). Similarly, the emergence of social entrepreneurship is closely aligned to changing perceptions concerning the role and function of markets. Particularly in the late twentieth century, social entrepreneurship came to be seen as an important mechanism for supporting economic activity in areas considered as unprofitable by the private sector, and neglected by the state (Di Domenico et al.2010).

All in all, during the last decades there seems to have been a steadily increasing interest in social entrepreneurship due to its potential for creating opportunities both on markets and social sector. As a result of such interest in social entrepreneurial opportunities, the term social entrepreneurship was coined by government and other stakeholders to denote socially driven activities (Di Domenico et al. 2010). Importantly, the late decades' advancements in social entrepreneurship have essentially contributed to the establishment of social entrepreneurship as a new distinct research domain.

3. Challenges

Based on the steady increase in the literature on social entrepreneurship and the practical advances, there is no doubt that in social entrepreneurship is receiving growing interest on both scholarly and practitioner fronts (Moss et al 2010). Such interest is important because social entrepreneurship as a focus of academic enquiry has a relatively brief history (Sargeant and Wymer 2007). Fortunately, however, in spite of the limited historical perspective, there is already an established body of work mainly arising from the entrepreneurship studies focusing on social aspects (Steyaert and Hjorth 2006). Such work is seen to enhance theoretical understandings of social entrepreneurship within the broader fields of entrepreneurship, but also within the fields of management and organization, and economics (Dees, 1998).

Emergence of social entrepreneurship

While trying to gain understanding of social entrepreneurships as a new

research area, it can basically be studied with reference to the emergence of any new field. Typically, the emergence of a new research area implies several stages. First, there is identification and observation of a loosely identified phenomenon. This stage is closely followed by exploratory case studies that provide insight into the phenomenon and its context. In the third stage, more in-depth case studies using comparative theoretical frameworks are introduced. During this stage existing well-tested or established theories are applied in order to better understand antecedents and performance outcomes of the phenomenon researched. The fourth stage implies attempts to define the phenomenon to capture operational characteristics and the contextual domain. The fifth stage is characterized by a conceptualization of the phenomenon allowing a closer understanding of the available definitions and theoretical relationships. (Sargeant and Wymer 2007) Seen in this light, there has been much debate on the emergence of social entrepreneurship as an own field both concerning the stage of development as an own field and relationship to other research fields.

Nicholls has made a detailed analysis of the emergence of social entrepreneurship. He argues that social entrepreneurship finds itself in a pre-paradigmatic stage concluding from the debates focused on the definition, methods, and research problems, and because social entrepreneurship is studied based on data collected from descriptive case studies instead of focusing generation and application of new data sets (Nicholls 2010). Nicholls specifies his analysis stating that research on social entrepreneurship is in its initial stage characterized by empirical challenges, and concludes that only after meeting empirical data-related challenges, definitional problems and methodological issues, is theory testing possible. In addition, Nicholls maintains that owing to the empirical, methodological and theoretical challenges, social entrepreneurship as an emerging research area, has been polarizing into either empirical approach that draws repeatedly on a small set of the same case examples, or theoretical work that lacks empirical support indicating that the research agenda of this emerging field is not yet clearly defined (Nicholls, 2006a, 2006b, 2009 cited in Nichols 2010). It is also suggested that social entrepreneurship will have to achieve a paradigmatic consensus, enhance epistemological clarity, and define what is meant by social entrepreneurship before it can legitimize itself as a distinct field (Perrini, 2006).

Drawn together, current research indicates that social entrepreneurship due to its relatively short history among other theoretically established organization-related research areas may explain its pre-paradigmatic stage. Research also shows that social entrepreneurship is facing theoretical as well as empirical

challenges as a result of definitional problems, and lack of theoretical framework and sufficient and reliable data on which to base theory generation and testing.

Theoretical framework

It is highlighted that a common feature of an emergent research fields is the absence of clear theoretical boundaries and the need to coalesce thinking from other disciplines (Mair and Marti 2006). Studies on social entrepreneurship indicate that it is still a field challenged by competing definitions, gaps in the research literature, and limited empirical data that result in lacking conceptual framework (Mair & Marti 2006). It is also posited that the history of theory development in research fields, and specifically in organizational studies, indicates that in the inception of a field restrictive theories such as institutional theory, population ecology, and transaction cost economics have shaped the field's development. Accordingly, fields can be seen to advance through the application of well-defined theories (Pfeffer 1993). As for social entrepreneurship, such restrictive theories would clarify the concept, explain its distinctive role in the economic system and inform research and practice (Santos 2009). Currently, however, the majority of the articles on the field are conceptual, and empirical studies that would contribute to theory generation are rare. Consequently, majority of the publications address such issues as what social entrepreneurship is, what its parameters should be, and how social entrepreneurship can be defined. (Kraus et al. 2014) In general terms, , can be considered as immature while challenged by lacking deep,

All in all, the above concerns clearly indicate that social entrepreneurship is not yet a distinct field. This means that social entrepreneurship will have to meet a number of challenges before it will constitute a legitimized independent research field.

Independent research field

As multiple debates on entrepreneurship as research field, and its uniqueness among areas of academic inquiry have characterized the theoretical and empirical constitution of entrepreneurship (e.g. Wiklund et al 2011; Sarasvathy & Venkataraman 2011), it is not surprising that social entrepreneurship is going through similar development. It is noted that entrepreneurship scholars have focused on entrepreneurs' profiles and on what entrepreneurs do (Gartner, 1989

cited in Noruzi et al. 2010), as well as on the performance of individual entrepreneurs and firms (Haugh 2007). Similarly, entrepreneurship research explores recognition and exploitation of opportunities because opportunities facilitate the creation of goods and services (Venkataraman 1997). Such opportunity-focused conceptualization of entrepreneurship is also attracting research in the area of social entrepreneurship, and driving forward research on social entrepreneurship (Haugh 2007). There is, hence, extensive discussion concerning the uniqueness of social entrepreneurship, and its conceptualization, and subsequently, it is posited that social entrepreneurship is opening up a new and independent field of study (Mair and Marti 2004; Perrini 2006) that stresses the importance of social entrepreneurial initiatives in opportunity perception and exploitation, and underscores that only those entrepreneurs that innovatively contribute to social change, can be called social entrepreneurs. Such entrepreneurs are seen to have a prominent social mission and social purpose as they typically aim at solving societal problems converting for example poverty into an entrepreneurial profitable opportunity (Perrini 2006). Accordingly, attempts to implement a social mission identify the distinctive domain of social entrepreneurship. Similarly, social entrepreneurship differs from other forms of entrepreneurship in that it gives higher priority to social value creation by catalyzing social change and catering to social needs (Mair and Martí 2006). However, it is widely acknowledged that although social entrepreneurship can be seen to constitute a distinctive domain, it has its core foundation in the field of entrepreneurship encompassing traditional entrepreneurial actions such as recognition, exploration, and exploitation of entrepreneurial opportunities (Venkataraman 1997). Importantly, though, social entrepreneurship explores and exploits opportunities from the social perspective, because it addresses underserved social markets and needs, or provides services in a more efficient manner while aiming to affect a community in a positive way (Toyah and Wesley 2010). Typically, social entrepreneurship has replicated the empirical and theoretical evolution of entrepreneurship drawing on, and benefiting from previous work on entrepreneurship (Mair and Marti 2006). Consequently, following research on entrepreneurship, social entrepreneurship first focused on the personality of the social entrepreneur, then on the particular behavior or process, and finally on the opportunity recognition and exploitation. Interestingly, research on social entrepreneurship indicates that specifically the approaches and models arising from entrepreneurship in the business sector characterized the first attempts to conceptualize social entrepreneurship (Mair and Marti 2006.) It is noted, however, that while commercial entrepreneurs may

produce social value in their pursuit to create private gains; social entrepreneurs may produce private gains in their foremost pursuit to create social value (Certo and Miller 2008). More precisely, research in social entrepreneurship acknowledges social value creation over economic value creation as a key factor that distinguishes it from other approaches (Weerawardena & Mort, 2006). It is argued, though, that the efforts to distinguish social entrepreneurship as a theoretical domain in its own right with focus on social value creation, may blur the potential and opportunities that the more general framework of social entrepreneurship might accrue (Dacin et al. 2010). Additionally, it should be noted that such development that to a great extent is based on approaches arising from the entrepreneurship field, may constitute a challenge, if social entrepreneurship wants to distinguish itself as a distinct research domain with own frameworks and specific approaches. Importantly, however, it is widely acknowledged that the particular social dimension of social entrepreneurship with the drive to create social value rather than personal and shareholder wealth accounts for the key factor distinguishing the field from other fields (e.g. Austin et al. 2006; Weerawardena & Mort, 2006).

The debate seems to be an ongoing process as those who question the distinctiveness of the field are contrasted by those suggesting that the social mission, motives, aims and specific socially related problems of social entrepreneurship accentuate its different characteristics and subsequently distinguish it from other approaches to entrepreneurship as well as warrant an own body of theory (Austin et al. 2006; Weerawardena & Mort 2006). Social entrepreneurship is perceived as intriguing and important particularly because it aims at constituting an own specific field of enquiry focusing on social value creation that may be much more challenging than economic value creation through profit making. Similarly, there are those who strongly maintain that although social entrepreneurship can be perceived as a subfield within entrepreneurship, its specific focus on identification, evaluation, and exploration of opportunities that yield social return starkly marks its distinctiveness (Toyah et al. 2010). Furthermore, it is underscored that it is precisely the specific element of social, in social entrepreneurship subsuming other forms of entrepreneurship, such as economic, institutional, or cultural entrepreneurship, that defines its distinctiveness, marks its specific position among other areas of academic inquiry, and separates it from other organizational forms (Dees, 1998; Peredo & McLean, 2006).

Drawn together, intentions to increase knowledge and deepen understanding about social entrepreneurship as a specific field of scientific inquiry, and

debates aimed at advancing the field, seem meet with contrasting claims. Such concerns clearly reflect the challenges social entrepreneurship is facing in its pursuit to constitute an independent field.

Definition, ontology and epistemology

Based on the above, there seem to be lack of clarity about whether social entrepreneurship differs from other forms of entrepreneurship, and if it should constitute a research field in its own right with commonly accepted definition and own theoretical framework. Unfortunately, ongoing debates seem to increase the ambiguity around both the concept itself and the field, instead of addressing and solving the prevailing challenges of the field. It is also argued that the lack of agreement as for domain, boundaries, forms, and meanings of social entrepreneurship (Perrini 2006) hinders generation of a unified definition of the concept that would advance the development of the field (Martin and Osberg 2007). Curiously, although there is currently a significant body of literature on social entrepreneurship centered on defining the concept (Mair and Martí 2006), it has not been possible to generate a common definition for it. In the same vain, it is maintained that since concept first entered the mainstream public discourse (e.g., Leadbeater, 1997 cited in Nichols 2010), it has been subject to a competing range of definitions. For this reason, there is still today lack of clarity of what social entrepreneurship means (Nicholls 2010), which has given rise to one of the most significant challenges in the field. Research indicates that the definitional problem has brought on the fragmentation of the area which in turn, is hindering the generation of coherent theoretical framework on the field (Weerawardena and Mort 2006). It is also accentuated that because entrepreneurship as an academic field informs and applies theories form several different disciplines and schools such as history, economic history, and sociology (Lindgren 2009), entrepreneurship has been object of theoretical as well as methodological debates. This applies also to social entrepreneurship because is typically regarded as an area of investigation within the entrepreneurship subject to application of the same methodologies and approaches (Weerawardena and Mort 2006). Consequently, social entrepreneurship seems to follow similar development as commercial entrepreneurship and is still argued to find itself in a pre-paradigmatic state lacking not only a widely accepted definition but also an established epistemology which is seen to lead to methodological problems when it comes to data collection and analysis. These issues may complicate the conduction of

research in the field. There are indications that the diversified methodological challenges have led to a polarization of social entrepreneurship scholarship. At the other extreme, there are empirical studies drawing on a small set of case examples and, at the other extreme there is heretical work that lacks empirical support (Nicholls (2010) indicating the prevalent challenges of advancing knowledge generation and theory development in the field. Accordingly, such initial stage of the field with fragmentation and lack of ontological foundation and epistemological clarity has constituted a real challenge in the field. It is maintained that case studies with small sample sizes inherent to social entrepreneurship research (Short et al., 2009) significantly limit the development of the field. Such methodological and data-related challenges limit the generalizability of findings and, subsequently, may hinder drawing broad-based conclusions (Short, Ketchen and Palmer 2002 cited in Moss et al 2010). Consequently, due to the recurrent definitional, epistemological and methodological concerns, social entrepreneurship seems to remain in a nascent state with questionable legitimacy until more generalizable studies applying theory-based arguments coupled with rigorous empirical analysis are pursued (e.g. Busenitz et al. 2003, cited in Moss, et al. 2011). Own theoretical foundation and clearer ontological boundaries would help scholars to conduct more generalizable studies, enable making theory-based arguments, and inform in making more rigorous empirical analysis (Aldrich & Baker, 1997).

Drawn together, research indicates that there remain several challenges concerning the development of social entrepreneurship. In particular, the lack of unified definition, and unspecified domain with blurred boundaries will preserve the current state of conceptual confusion, and function as a barrier to cross-disciplinary dialogue and theory-based advances in the field (Dacin et al. 2010). The emergence of social entrepreneurship and its legitimization as an independent field is contrasted with established fields that have been able to draw clear boundary that limit scope and give clarity enhancing the creation of an independent field of research. A field of research is also seen to advance if different levels of analysis can be identified, and if relevant research questions and significant topics can be elaborated (Mair and Martí 2006). Unfortunately, this has not yet been possible within the field of social entrepreneurship. In order to advance the field, provide status, and give legitimacy to the field, researchers suggest an establishment of a new paradigm because it could legitimize the field and provide access to diversified resources (Abbott, 1988, cited in Nicholls 2010). It has also been suggested that a better understanding of the uniqueness of social entrepreneurship may give new insights into the field,

and stimulate additional research streams (Dacin et al. 2010).

4. Opportunities

Based on the above, social entrepreneurship is meeting multiple challenges mainly due to the still premature stage of the field. There are several limitations stemming from theoretical as well as empirical concerns. Such limitations are regarded to jeopardize the full development of social entrepreneurship as a distinct field which, in turn, may hinder the full development of frameworks and specific approaches allowing application of methods aimed at solving concrete social problems such as poverty, discrimination, and social exclusion (Estrin et al. 2013). The theoretical and conceptual challenges bring about concrete limitations to social entrepreneurship to make a difference in situations where there is clear need for providing public goods and profitable social services as agents of governments that have been reinvented and lost their full capacity to meet all social needs (Mort & Weerawardena 2008). Consequently, it is widely acknowledged that financial limitations and governance gaps result in an inability to deliver appropriate services. Such unmet demand may be overcome by innovative strategies adopted by social enterprises (Di Domenico et al. 2010) help to solve complex social problems. Similarly, it is known that entrepreneurs while recognizing, exploring and exploiting opportunities (Venkatamaran 1997) may contribute with innovations and even achieve a paradigm shift through creative destruction (Schumpeter 1947). This is considered to apply also to social entrepreneurship as it aims at finding opportunities for making sustainable social change.

Opportunities

The existence of opportunities is essential for entrepreneurship. Entrepreneurial opportunities always exist, regardless of the ability of individuals to recognize and exploit them (Venkataraman 1997). It is widely recognized in the entrepreneurship literature that it is the wish and ability to recognize, and take advantage of opportunities that distinguishes entrepreneurs from other individuals (Perrini 2006). Accordingly, entrepreneurs engage themselves into a continuous process of exploring, learning, and improving in order to bring about innovative solutions and it is the desire to innovate that is claimed to be the *modus operandi* of entrepreneurs. Importantly, though, innovation implies uncertainty and risk of failure, but fortunately, entrepreneurs are characterized by high tolerance for ambiguity and capacity to learn how to manage risks for

themselves and others (Dees 1998). Entrepreneurs are innovative because they break new ground; develop new models, and pioneer new approaches (Corner and Ho 2010). Accordingly, innovation constitutes an essential element of entrepreneurship while generating new combinations of resources (Schumpeter, 1947) for achieving change. Seen from the perspective of social entrepreneurship, social entrepreneurs apply ingenious innovative ways to assemble and utilize available resources to form enterprises (Steyaert and Hjorth 2006) focused on making sustainable social changes.

Innovation

In general terms, innovation refers to the creation of something new rather than simply the replication of existing enterprises or practices (Austin et al. 2006) and it is underscored that entrepreneurially driven innovations propel and stimulate change processes in the society (Shane & Venkataraman 2001). Innovation can be defined as the act that endows resources with new capacity to create value (Drucker 1993) or, in more specific terms, innovation accounts for the specific tool of entrepreneurs, the means by which entrepreneurs exploit change as an opportunity to reconfigure resources to create value in new ways (Drucker 2007). At the heart of the entrepreneurship is innovation, which is instrumental in the firm's ability to capitalize on knowledge to create new products or services and generate economic returns (Schumpeter 1934 cited in Toyah et al. 2010). Traditionally, commercial entrepreneurship, but increasingly also social entrepreneurship is driving toward innovation and change while pursuing entrepreneurial opportunities to fill unmet social needs (Leaderbeater 1997 cited in Perrini 2006). Research indicates that instead of mainly searching personal profits, the commercial entrepreneurs, but even more the social entrepreneurs, are strongly motivated by the opportunity they identify, pursuing their vision, and they derive reward from the process of realizing their ideas while pursuing the opportunity (Martin and Osberg 2007). Not surprisingly, then, entrepreneurial opportunity has recently been identified as the major commonality between commercial and social entrepreneurship. In recent decades, social entrepreneurship increasingly focuses on recognizing opportunities for creating and sustaining social change (Mair and Marti 2006). It is even suggested that in the context of social entrepreneurship the exploitation of opportunities may accrue from the possibility of generating simultaneously economical rents and social benefits (Hockert 2005 cited in Mari and Marti 2006) although the primary focus of social entrepreneurship is the creation of

social value. In general terms, however, commercial as well as social entrepreneurial opportunities facilitate creation of new goods and services that allow outputs outperform inputs in order to make the enterprise sustainable (Perrini 2006), the premise of entrepreneurship. It is widely acknowledged that as for opportunities it is the social dimension of innovative opportunities that distinguishes social entrepreneurs from their commercial counterparts. To sum up, entrepreneurial innovativeness and opportunity recognition can be considered as the prerequisite for success and profit making within the business sector whereas success in challenging complex social context implies such innovativeness and exploitation of opportunities that create social value, in other words, alleviation of poverty and increase in wellbeing.

Social innovation

Typically, social entrepreneurship aims at recognizing, exploring, and exploiting entrepreneurial opportunities (Venkataraman 1997) for implementing superior innovative solutions focused on alleviating complex societal problems that governments as well as private sector organizations have failed to address (Santos, 2012). Such innovative solutions are often based on novel combination of social and business practices (Kroeger and Weber 2014). Accordingly, it is inherent for social entrepreneurship to relate innovation to the social realm because social entrepreneurship specifically strives for applying new ideas, behaviors, products, and services aimed at reducing social burdens (Perrini 2006). It is to be noted that not only does social entrepreneurship address social problems by innovative products and services, but also by the creating of novel business models, organizational structures, and strategies for brokering between limited and disparate resources with which to create social value (Seelosa and Mair 2005). Innovation within social entrepreneurship can, hence, be interpreted as an innovative form that combines economic and social value creation to improve societal development (Husheng et al. 2014), or as a form of dynamic behavior in non-economic areas of society (Steyaert & Hjorth 2006). Broadly understood, innovation in the context of social entrepreneurship starts when an entrepreneur applies a novel idea, product or service; a creative approach to solve a perceived problem; a new business model, or previously untried approach to product or service delivery (Makhlouf 2011) aimed at creating social value by increasing communal wellbeing. Entrepreneurship and innovation are often interpreted as synonyms in the commercial entrepreneurship literature (Schumpeter 1942 cited in Rosenberg 1976) and

increasingly so also in the social entrepreneurship literature (Weerawardena and Mort 2006). Consequently it is, by now, widely recognized that the underlying drive for social entrepreneurship is to make sustainable change by creating social value in innovative ways, and that within social entrepreneurship, innovation, entrepreneurship and social change are closely related in the entrepreneurial pursuit of generating social value (Perrini 2006). Innovation can occur across nonprofit, business, or government sectors (Austin et al. 2006) where innovative approaches for dealing with complex social needs are created (Johnson, 2000), and where innovative complex constructs including dimensions of reactivity and risk management (Weerawardena and Mort. 2006) are implemented. It is argued that there are three central factors within social entrepreneurship, namely innovativeness, proactiveness and risk taking (Mort et al. 2003) because entrepreneurship is seen to imply uncertainty and risk taking. It is evident, hence, that it is challenging to find effective and sustainable solutions to complex social problems (Reza et al. 2010). To find resources needed for the creation of social value in a situation where governmental funding is steadily decreasing, social entrepreneurs have to implement innovative methods and combine varied resources in novel and ingenious ways (Weerawardena and Mort 2006). Research shows that in many occasions resource constraints push social enterprises into searching for innovative forms of using scarce existing resources and acquiring new ones for achieving financial sustainability and, in particular, for generating social outcomes (Dacin et al. 2010). However, although the unpredictable conditions that social entrepreneurs face while trying to meet unsatisfied social needs may seem problematic and challenging, these entrepreneurs have the capacity to interpret such conditions as opportunities because they precisely aim at solving such problems although it may be challenging and require yet unknown novel means and innovative activities. It is noted that a problem for the commercial entrepreneur is an opportunity for the social entrepreneur (Dees 1998) because social entrepreneurs create something new, where others perceive inconvenience. This is claimed to stem from the unique set of personal characteristics such as inspiration, creativity, direct action, courage, and fortitude that social entrepreneurs possess, and from their capacity to think creatively and develop new solutions that break with the existing ones (Martin and Osberg 2007). In the complex and challenging social context where social entrepreneurship is striving to make change, innovation implies implementation of multiple novel solutions, and such solutions are needed in any sector (Huybrechts and Nicholls 2012). For this reason, exceptionally skilled

entrepreneurial individuals are needed for mobilizing resources, both human and financial and even political (Seelos and Mair 2005). There are several indications that social entrepreneurs and engineers may introduce dramatic changes in the social sphere, such changes Schumpeterian (1942) entrepreneurs created in the business sphere. Consequently, social entrepreneurs may represent first and prime movers of innovation and change, destroying existing systems, structures and processes by replacing them with more appropriate and relevant ones (Shaker et al. 2009) that add social value and improve community wellbeing. As a consequence, social entrepreneurs constitute a powerful force in their strive for social change (Shaker et al. 2009) when implementing social innovations such as new, creative and imaginative initiatives needed for achieving radical social reforms to meet effectively social demands (Thompson et al. 2000). Similarly, social entrepreneurship may create sustainable social innovations by applying new forms of helping and empowering disadvantaged people (Thompson et al. 2000). Although willingness to innovate is seen as the modus operandi of entrepreneurs, it is emphasized that entrepreneurs need not be inventors as it is considered as sufficient if they can make change by just creatively applying what has previously been invented (Dees 1998). To sum up, dramatic social changes in complex challenging conditions with reduced resources can be achieved with novel creative methods and innovative applications.

Making change

Social entrepreneurs make diverse significant contributions to their communities and societies by adopting new methods and business models for offering creative solutions to complex and persistent social problems (Mair and Marti, 2009). In addition, to achieve such contributions social entrepreneurship identifies and exploits solutions to social problems and implements business processes in an innovative manner (Zahra et al., 2009). Social entrepreneurship combines the resourcefulness of traditional entrepreneurship with a mission to change society and offers insights that may stimulate ideas for more socially acceptable and sustainable business strategies and organizational forms (Seelos and Mair, 2005). Research shows that social enterprises with innovative novel solutions are the ones that recently have had the largest impact, and brought about most essential alternatives and solutions to the most challenging social problems (Renko 2013). Due to the increasing importance of social innovations in filling unmet social needs and in solving

substantial complex social problems, innovation has become one of the key topics in social entrepreneurship research (Short et al. 2009). It is to be noted also that, due to its focus on innovation, social entrepreneurship is gaining importance as a field of experimentation and innovation which can be seen as a clear indicator of its potential to contribute new insights not only to the discipline of entrepreneurship (Short et al. 2009), but increasingly also to the research areas of innovation and economy and social sciences in general.

Drawn together, complex and wide-reaching social problems considered as threats or challenges by commercial entrepreneurs, governments and private sector businesses, are increasingly creating opportunities for social entrepreneur in their pursuit for finding opportunities to alleviate social problems, eliminate societal threats, and address global social challenges. All in all, social entrepreneurship is about finding opportunities and implementing entrepreneurial innovative actions, processes and methods for creating social value by generating social wealth, and, in particular, increasing societal and community wellbeing.

5. Conclusions

The aim of this paper was to explore the current problematic of social entrepreneurship and in order to address such objective two questions were posed, namely (a) what are the main challenges social entrepreneurship faces? And (b) how may such challenges be turned into opportunities? The assumptions made in the introduction are confirmed by the following conclusions. Future research will be needed to generate more specific propositions grounded on the previous research in the field and empirical data will need to be collected testing the propositions. Such future empirical research on social entrepreneurship is seen to advance research in the field.

Concluding from the previous literature, social entrepreneurship is facing essential challenges. Research on social entrepreneurship presents social entrepreneurship a multi-faceted and multi-perspective phenomenon that needs more rigorous approaches, and clearer conceptualization and boundary setting (Perrini 2006) because the boundaries still remain fuzzy and mixed with other fields of study (Husheng et al. 2014). Typically, there is still disagreements concerning the domain of entrepreneurship (e.g. Shane and Venkataraman, 2000; Zahra and Dess, 2001, cited in Shaker et al. 2009) and continuous debates concerning a generally accepted definition of social

entrepreneurship. Such conceptual confusion is argued to account for a barrier to cross-disciplinary dialogue and theoretical advances in the field (Dacin et al. 2010). More importantly, researchers concerned with theoretical contributions to social entrepreneurship, have problems in defining relevant and meaningful research questions stemming from the ambiguity of domain, blurry boundaries, and interdisciplinary concerns (Dacin et al., 2010). Importantly, unclear boundaries and, in particular, lack of unified definition may have significant negative impact on future research in the field (Dacin et al., 2011). Accordingly, the theoretical, conceptual and methodological concerns, may constitute a barrier to the full recognition and legitimization of social entrepreneurship as a field of its own right, and risk gaining more focused support that might be needed to enable the growth of the field to such a scale needed to make a substantial contribution while addressing social problems and, above all, eradicating poverty in all its forms (Seelos and Mair 2005). Studied for a broad perspective, literature focused on the initial stages of the field indicates that social entrepreneurship represents a maturing field (Shaker et al. 2014) with challenges inherent to new fields. While early studies of social entrepreneurship centered on the question of how the personality or background of the entrepreneur determines entrepreneurial behavior, today the focus of entrepreneurship research lies more and more on the entrepreneurial opportunities, processes, and behavior. As for the relationship of social entrepreneurship to other research areas, it is noted that social entrepreneurship has adopted methodology, concepts and terminology used in the established entrepreneurship literature (Mair and Martí 2006) which may broaden the scope of social entrepreneurship. Nevertheless, such methodological, conceptual and terminological adoption can also be considered as a potential limitation to the development of the field because it may imply that social entrepreneurship is reduced to a sub-category of entrepreneurship (Mair and Martí 2006).

Contrary to the above conclusions, it can also be drawn from the previous literature that social entrepreneurship is providing opportunities while it being a new research area. It is underscored that social entrepreneurship is developing and expanding rapidly both in theoretical and practical terms and, subsequently, attracting attention from many sectors (Roger and Osberg 2007). Its impact reaches wide range of areas such as environment; social welfare; opportunity exploitation; market, community and rural development, institutional and organizational development (Alter, 2007). Social entrepreneurship is, hence, considered to be vital to the progress of societies in the similar way as commercial entrepreneurship is regarded to be important to the progress of

economies (Roger and Osberg 2007). Social entrepreneurship may also be seen as a complementary economic approach in that it is based on value creation in the social sphere while solving some of the most pressing problems in modern society in new innovative ways (Santos 2009). Importantly then, social entrepreneurship is regarded as contact point among economy, entrepreneurship, innovation while contributing to social change, and seems to be attaining wide theoretical and practical acceptance in (Perrini 2006). It is also noted that there is increasing interest the literature on social entrepreneurship due to its capacity solve addressing social problems and strive for enriching the wellbeing of communities and societies (Shaker et al. 2009) that previously was the responsibility of governments (Mort & Jay Weerawardena 2008). Research shows that social entrepreneurship is also gaining interest across academic disciplines because is challenging traditional assumptions of economic and business development (Dart, 2004; Leadbeater, 1997 cited in Dacin et al. 2010) due to its insightful use of resources and its generation of innovative solutions to complex social problems. Notwithstanding the challenges arising from the close relation with established research fields, and the subsequent adoption of methodologies, concepts, approaches and frameworks (Mair and Martí 2006), the main perception is that social entrepreneurship constitutes its own specific research area with strong focus on social value creation while it is capable of finding diverse opportunities to meeting social needs and making sustainable change throughout the world (Mair and Martí 2006). Accordingly, it is currently widely acknowledged that social entrepreneurship creates social wealth and, importantly, while doing so, it reveals the limitations of past approaches (Shaker et al. 2014). Similarly, social entrepreneurship can be regarded as a partial solution to radical welfare reforms while recognizing and exploiting opportunities to meet social demands in new innovative ways (e.g. Leadbeater 1997; Thompson 2002, cited in Weerawardena and Mort 2006).

Drawn together, literature on social entrepreneurship strongly indicates that in spite of diverse theoretical, definitional, conceptual and methodological challenges, social entrepreneurship has made tangible social changes within communities (Goldstein and Silberstang 2009) as well as on global level. To strengthen the potential of social entrepreneurship, there is need to focus on future theoretical as well as practical advances by developing the field. Research shows that only by theoretical contributions such as rigorous approaches, clearer conceptualization and boundary setting, commonly accepted definition, and increased cross-disciplinary dialogue, can social entrepreneurship fully exploit opportunities to address urgent social problems and fulfill complex social needs

throughout the world. All in all, it can be concluded from the previous research on social entrepreneurship that after having addressed broad field-specific challenges such as fragmented literature, incoherencies in the theoretical framework, insufficient empirical investigation (Weerawardena and Mort 2006), and problems with data collection limited mainly to case research, social entrepreneurship may constitute an important engine for reducing social ills in all societies across the globe (Moss et al. 2010).

Drawn together, since its first inception, social entrepreneurship has been addressing wide range of social problems, and will most probably continue recognizing and exploiting opportunities that contribute to overall sustainable social development all over the world

6. Suggestions for Further Research

It is suggested that an empirical study is conducted based on this literature review. It will be interesting to see whether the theoretical limitations of the new research field of social entrepreneurship are affecting negatively the development of the field and, subsequently, hindering the recognition and exploitation of entrepreneurial opportunities considered to be essential for making sustainable social changes on wide scale.

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