Information Management and Business Review
Vol. 2, No. 4, pp. 154-161, Apr 2011

Social Entrepreneurs and the Vision to Build the Society with Ethical Sustainability

[1]Ashish Mathur*, [2]Meeta Nihalani
[1]Department of Management Studies, Lachoo Memorial College of Science & Technology, Jodhpur, Rajasthan, India
[2]Department of Management Studies J.N.V. University, Jodhpur, Rajasthan, India
*ashishmth@gmail.com

Abstract: Social entrepreneurs are related to the issues of social justice and fairness to the society taking the ventures in the public interest. This type of entrepreneurship is related to the promoting the activities on low profit or no profit to benefit the weaker sections in such a way that they are can live a better life. The leadership and decision-making have to be in the interest of society and for the future too. The world of social entrepreneurship is created by the values of self efficiency with the faith to build an honest world of hope and respect...the basic qualities guiding the social entrepreneurial behaviour to form the business empires depends on the quality of social and moral judgement supported by the social norms. The society in turn supports people who work for the benefit of human survival so that the future is built on the values of sustainability and trust and hope. The generations to come, need the resources for the growth of the society and civilisation as a whole. They should use them in such a way that they are able to build the source for sustainable management of resources and for the larger benefit of the society. The basic aim of the paper is to analyse the issues and trends associated with the social fairness and to frame a strategic base for the better design of the social entrepreneurship variables. The basic objective of this paper is to identify and build the entrepreneurship abilities that shape the social entrepreneurial behaviour.

Key Words: *Social entrepreneurs, social justice, Ethical Sustainability*

1. Introduction

A social venture is a business enterprise that also has, as one of its goals, some type of social impact on individuals, communities, or society. In effect, a social venture is the combination of mission and venture, in varying degrees. The importance and emphasis applied to the different Goals of a social venture affect how integrated it should be with mission. On the surface, it may seem that all organizations would strive for this type of social venture, but striking this balance isn't always realistic. In some cases, mission or profit may need to be compromised. Deciding what compromises need to be made (and when) is often the challenge. In social enterprises the employees are not the means to end but they are the part of the system who indicates your value and perceptions to the people. The employees live in the relationship with the community so that the benefits are generated in the system which can be governed by sustainability and value orientation generating trust and hope to the system of relationship. The community is surrounded by the environment by which the resources for the quality of life are generated and they impact the long term goals of quality and green ecosystem for the generations to come.

'Business as usual' has come under heavy scrutiny. The financial crisis has caused many to question the basic premises of the current business system. But even before the crisis hit, public outrage over excessive bonus payments, crooked corporate officers, the looting of pension funds, the defrauding of stockholders and the wholesale firings of hardworking employees had reached very substantial levels. Not only the anti-globalization movement of the far left but also more traditional thinkers have felt increasingly uncomfortable with corporate power and influence. In September 2000 (even before Enron's collapse), over 70 percent of Americans surveyed said that business had too much power over too many aspects of their lives and too much political influence. Only four percent agreed that companies should have only one purpose, namely to make the most profit for shareholders. 95 percent agreed that American corporations should have more than one purpose and additionally, that they owe something to their workers and the communities in which they operate. International surveys on trust in corporations also demonstrate that trust in big business continues to decrease. The trust in multinational and global companies reached its all time low. The avatars of

capitalism are meeting deeply rooted anger and are blamed for the erosion of family life, the decreased sense of personal and professional security, corroded communities, impoverished spiritual lives, and a devastated natural environment. In brief, current capitalism fails to be life-conducive as it is insufficiently set up to fulfil authentic Human needs. As a result current business organizations are facing a "perfect storm". They argue that "despite the ongoing pressures of relentless competition, and the need to deliver short-term financial performance, no major company can ignore and fail to respond to the following threats to long-term corporate success and viability:

1. The crisis of trust
2. The crisis of inequality and
3. The crisis of sustainability.

Anticipating the crises of the private and public sectors, suggested that a new form of organizations would be needed to provide necessary innovations. That third alternative would combine the efficiency of the market and the welfare orientation of the state. Since the 1980s the so-called third sector grew faster than any other sector now providing up to 10 % of employment in the United States alone. Many scholars credit a new breed of entrepreneurs; the social entrepreneurs with the fast growth of that sector...Social entrepreneurs are similar to business entrepreneurs in the methods they use, but different as they are motivated by social goals rather than material profits. Their great skill is that they often make something from nothing, creating innovative forms of active welfare, health care, and housing which are both cheaper and more effective than the traditional services provided by the government. Social entrepreneurship has many facets and represents an umbrella term for a considerable range of innovative, dynamic, social value creating ventures. Social Enterprises usually borrow and mix approaches from business, charity, and social movements, and represent a new force in the social and environmental sectors. They aim to solve societal problems in order to deliver sustainable social value. As such they could present an interesting alternative model for businesses as well, as they help alleviate inequity and sustainability problems, to build trust with stakeholders on a larger scale.

2. Literature Review

Social entrepreneurship is the work of a social entrepreneur. A social entrepreneur recognizes a social problem and uses entrepreneurial principles to organize, create and manage a venture to achieve social change (a social venture). Whereas a business entrepreneur typically measures performance in profit and return, a social entrepreneur focuses on creating social capital. Thus, the main aim of social entrepreneurship is to further social and environmental goals. However, whilst social entrepreneurs are most commonly associated with the voluntary and not-for-profit sectors (Thompson, 2002), this need not necessarily be incompatible with making a profit. Social entrepreneurship practiced with a world view or international context is called international social entrepreneurship (Munoz, 2010). The terms social entrepreneur and social entrepreneurship were used first in the literature on social change in the 1960s and 1970s(Robert Oven) The terms came into widespread use in the 1980s and 1990s, promoted by Bill Drayton the founder of Asoka: Innovators for the Public, and others such as Leadbeater (1997) From the 1950s to the 1990s Michael Young was a leading promoter of social enterprise and in the 1980s was described by Professor Daniel Bell at Harvard as 'the world's most successful entrepreneur of social enterprises' because of his role in creating more than sixty new organizations worldwide, including a series of Schools for Social Entrepreneurs in the UK. Another British social entrepreneur is Lord Mason OBE. Mawson (2008) was given a peerage in 2007 because of his pioneering regeneration work. This includes the creation of the renowned Bromley by Bow Centre in East London. He has recorded these experiences in his book "The Social Entrepreneur: Making Communities Work".

The internet and social networking websites have been pivotal resources for the success and collaboration of many Social Entrepreneurs, allowing ideas to be heard by broader audiences, allowing networks and investors to develop globally and all achievable with little or no start up capital. For example, starting with no capital and just an interesting idea, three Australian students (1egg1world) are in the process of raising AUS$1million for Charity starting out with just one egg, an excellent example of the growing opportunities brought by the internet to people with good ideas (Simon, 2010). Youth social entrepreneurship is an increasingly common approach to engaging youth voice in solving social problems. Youth organizations and

programs promote these efforts through a variety of incentives to young people (Kinkade, 2005). Social value means different things to different people. Initiatives as diverse as soup kitchens in major western cities, companies supplying drugs for neglected diseases in Africa, or educational programs to improve employment opportunities in Latin America may be seen as creating social value. We need a more precise definition of the term "social" in order to identify initiatives that create social value and therefore qualify as social ventures. For the purpose of this paper we define a social venture as an initiative that catalyzes social transformation and/or or addresses social needs. The creation of social value is the primary objective of the venture, while economic value creation is a necessary but not sufficient condition (Mair & Marti, 2006).

The term "business model" is another sometimes sketchy term. In general, a business model can be understood to be a simplification of a planned or existing business. Originally it was used in the context of data and process modelling for IT systems. Later, the term was defined and used differently, to encompass anything from Structural elements to agent interaction (Amit and Zott, 2000) or knowledge leverage (Venkatraman and Henderson, 1998). For this paper we use a conception based on Hamel's definition of a business model (Hamel, 2000): a business concept that has been put into practice. More specifically, a business concept comprises four major components: Core Strategy, Strategic Resources, Customer Interface and Value Network.

Table 1: Conceptualizations

Authors and the year	Definition suggested
Fowler (2000)	Social entrepreneurship is the creation of viable socio economic structures, relations, institutions, organisations and practices that yield and sustain social benefits.
Hibbert et al. (2002)	Social entrepreneurship is the use of entrepreneurial behaviour for social ends rather than for profits objectives or alternatively that the profits generated are used for the benefit of a specific disadvantaged group.
Canadian Centre for Social Entrepreneurship	Social entrepreneurship falls into categories. First, in for profit sector it encompasses activates emplacing the importance of a socially engaged private sector and the benefits that accrue to those who do well by doing well. Second, it refers to activities encouraging more entrepreneurial approaches to the non profit sector in order to increase organisational effectiveness and foster long term sustainability.
Prabhu (1999)	Are persons who create and manage innovative entrepreneurial organisations or ventures whose primary mission is the social change and development of their client group.
Dees (1998)	Social entrepreneurs play the role of change agents in the social sector by - adopting a mission to create and sustain social value. - Recognising and relentlessly perusing new opportunities to serve that mission. - Engaging in a process of continuous innovation, adoption and learning. - Acting badly without being limited by resources currently in hand. - Exhibiting a heightened sense of accountability to the constituencies served for the outcomes created,
Brinckerhoff (2000)	Social entrepreneurs are private sector citizens who play critical roles in bringing about catalytic changes in the public sector agenda and the perception of certain social issues.

Waddock and Post (1991)	Social entrepreneurs are private sector citizens who play critical roles in bringing about catalytic changes in the public sector agenda and the perception of certain social issues.
Thompson et al. (2000)	Social entrepreneurs are people who realise where there is an opportunity to satisfy some unmet, and who gather to get the necessary resources and use this to "make a difference".
Boschee (1998)	Social entrepreneurs are non profit executives who pay increasing attention to market forces without losing the sight of the underlying missions, somehow balancing moral imperatives and profit motive and that balancing act is the heart and soul of the movement.
Bornstein (1998)	A social entrepreneur is a path breaker with a powerful new idea who combines visionary and real world probe solving creativity has a strong ethical fibre and is totally posses by her vision for change.
The Institute for Social Entrepreneurs	A social entrepreneur is an individual who uses income strategies to parser social objectives simultaneously seeking both a financial and social return on investment.
LaBarre et al. (2001)	social entrepreneurs are dedicated innovators who are determined to tackle some of society's deepest challenges by embracing new ideas from business.
Morse and Dudley (2002)	Social entrepreneurs are those who combine the spirit of enterprise and the spirit of community to build social capital I the process of community improvement.

3. Social Entrepreneurship – a model for sustainable value creation

So, does social entrepreneurship serve as a promising model for human cantered, life conducive business organizations? While many proponents such as Bill Drayton would claim that it does, other observers view social entrepreneurship critically as a manifestation of the usurping supremacy of business across all aspects of life. To answer the question of whether and when social enterprises serve as a model for sustainable value creation, we need to look into the constitutive elements of social entrepreneurship. Social entrepreneurship comprises three main elements:

- Market orientation,
- innovation
- Sociality.

Market orientation is a key feature that differentiates social entrepreneurship ventures from other social organizations such as not for profit social service delivery or advocacy. Even though many social purpose organizations are located in dysfunctional or nonexistent markets, social entrepreneurs nevertheless give primacy to the most effective deployment of resources towards achieving a social goal (Nicholls and Cho, 2006). Innovation is another major distinguishing feature of social entrepreneurship. It is the pattern-breaking change, the disruptive creation of new models and techniques that differentiates the social entrepreneur from other social actors. The real difference between social entrepreneurs and classic business entrepreneurs is the domain in which they operate. Both employ market orientation and innovation, but social entrepreneurs apply them in the areas traditionally considered to be public goods. The qualification of entrepreneurship as 'social' raises two issues .The first is conceptual and deals with the what kind of objectives can legitimately be called social. Social objectives are not necessarily homogenous, and can be deeply contested. The heterogeneity of social interests depends on societal values, culture, religion and ideology. The question of what is social is as difficult to determine as what is good. It can never be conclusively answered and has to be continuously negotiated. The more a goal is universally applicable the more support it is likely to garner. That support, however, can only be gauged through a discursive process,

which includes all stakeholders, and thus securing the legitimacy of the endeavour. The second issue is operational and deals with the measurement of success. In order to determine how much an innovative, market oriented solution is actually advancing a social objective sophisticated measurements are necessary. Many researchers are currently struggling to conceive useful social impact metrics. These metrics will have to enable everyone interested to better evaluate whether a social entrepreneurial venture makes society indeed better off. Financial metrics alone have proven to be inadequate. Overall social entrepreneurship seeks to create new solutions to societal problems. This broader approach to value creation is better suited to address the problem of inequity, environmental sustainability and public mistrust than the narrow approach to financial value creation. However, in itself the broader approach does not guarantee sustainable value creation. The market, however, can help to determine which solution is the most sustainable over time.

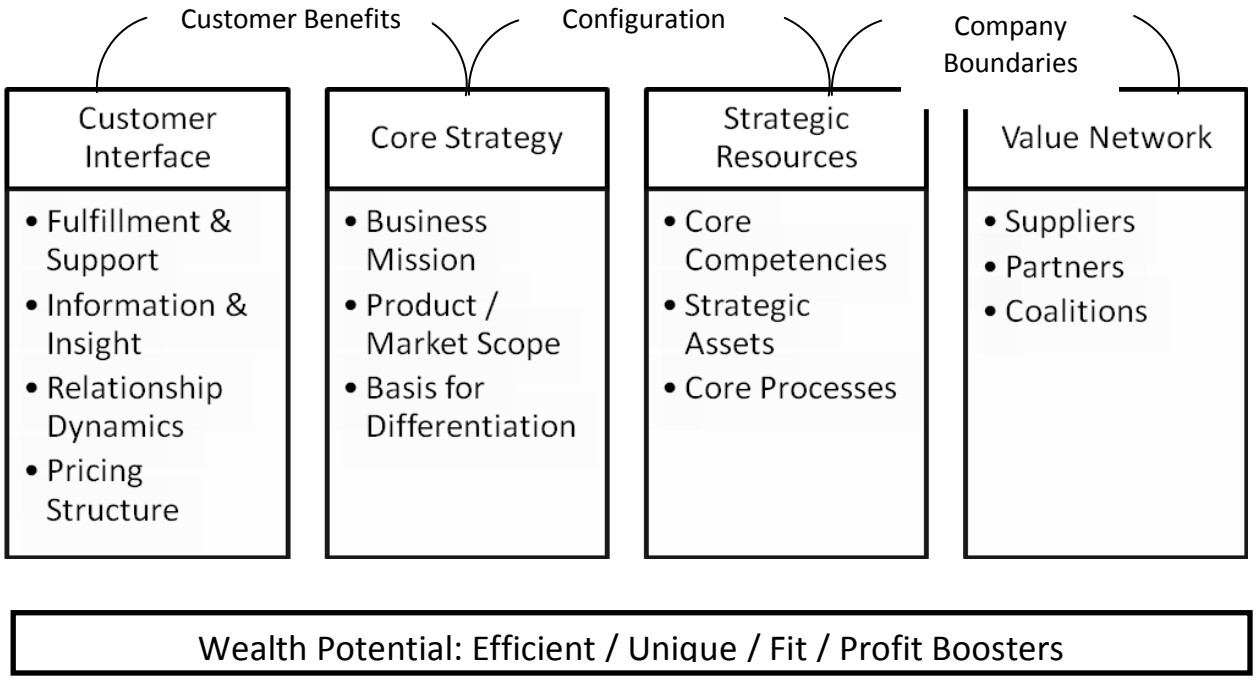
4. Models of Social Entrepreneurship

The hallmark of social entrepreneurship lies in its ability to combine social interests with business practices to effect social change the crux of the individual social enterprise lies in the specifics of its dual objectives – the depth and breadth of social impact to be realized, and the amount of money to be earned. In the social enterprise, money and mission are intertwined like DNA. Even though a wide range of social enterprises has emerged, there are three main categories defined by the emphasis and priority given to its financial and social objectives:

- external
- Integrated
- embedded

All of these models financially drive the businesses in the market to establish the sustainability.

Figure 1: Components of a Business Model



Source: Hamel (2000). *Leading the Revolution,* Harvard Business School Press, Boston.

External Social Enterprise - In external social enterprises social value creating programs are distinct from profit-oriented business activities. The business enterprise activities are 'external' from the organization's social operations and programs. Businesses can partner with Not-for-profit organizations to create external

enterprises that fund respective social programs and/or operating costs. This stage represents an incremental adoption of social value creation objectives. The relationship between the business activities and social programs is supportive, oftentimes providing financial and non financial resources to the external program. Many businesses already engage in such partnerships, but there seems to be much more potential Integrated Social Enterprises.

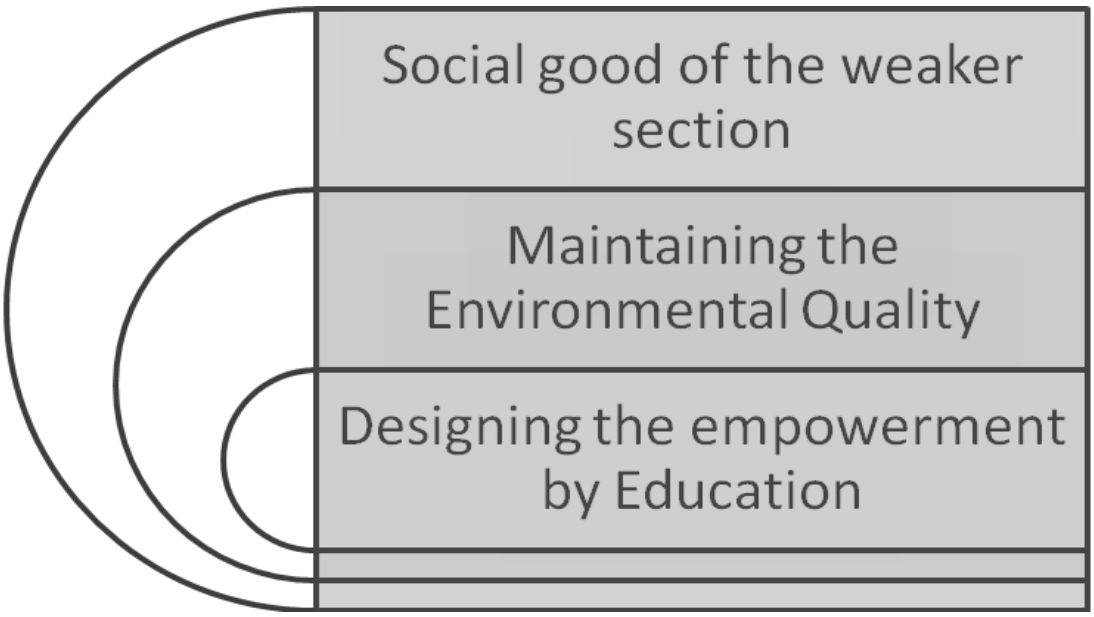
In integrated social enterprises - social programs overlap with business activities, but are not synonymous. Social and financial programs often share costs, assets, and program attributes. The social enterprise activities are thus 'integrated' even as they are separate from the organization's profit oriented operations. This type of social enterprise often leverages organizational assets such as expertise, content, relationships, brand, or infrastructure as the foundation for its business (Alter, 2006). The Arvind Eye Hospital in Madurai, India is an example of an integrated social enterprise. It serves cataract patients in a main hospital, where wealthy patients pay a market fee for their surgery. The profit surplus created by these fees is then used to pay for the surgery of poor patients in the free hospital. The relationship between the business activities and the social programs is hence synergistic, adding financial and social value to one another. These mixed or shared value models have largely been unexplored by traditional businesses, but could serve well as a blueprint for future shared value creation.

Embedded Social Enterprise - In the embedded social enterprise, business activities and social programs are synonymous. Social programs are self-financed through enterprise revenues and thus, the embedded social enterprise can also be a stand-alone sustainable program. The relationship between business activities and social programs is comprehensive, financial and social benefits are achieved simultaneously. The decision to be for-profit was also driven by concerns of financial sustainability. The business can be advanced by the advent of technology in most of the areas of the business. The markets are getting modified by the impact of technological revolutions so the business with social goodness as to the society.

Strategic inputs to build so social entrepreneurship models

The models have to be designed in such that they benefit to the society The society is a mix of powerful and weaker people making the economics to bind together to build sustainability of the work models. It is the duty of the big business to look after the weaker sections so to create a world of honest hope and respect. The people have to be empowered by the inputs of social issues related to women empowerment, child education and AIDS eradication. The environment has to be looked after so as to build the quality and the ethics of the ecosystem.

Figure 2: Model for social entrepreneurship



Good businesses understand that a proactive reduction of the sustainability, inequity and trust crises is also good strategy. While traditionally businesses were responsible for financial value creation, and NGO's or the government for social value creation, social entrepreneurship allows the conceptualization of new value propositions to effectively deal with the sustainability and inequity crises. Shared value propositions are much more likely to instil public trust, as simple profit maximization is seen as opportunistic .Business is the option that lends a way to strategic corporate responsibility focussing on creating social value and uses financial value creation as its driver. Profit is the means to achieving a higher purpose. Creating partnerships that make strategic sense is important. Creating partnerships across the government and the society is important to give sustainability and security to the social business. Having a higher purpose helps a company generate societal trust that translates into customer preferences.

5. Conclusion

The corporations are not responsible for all the world's problems, nor do they have the resources to solve them all; governments and citizens will have to do their share. That, however, does not excuse businesses from acting responsibly or having a co-responsibility to act. In fact, businesses will actively have to address social and environmental needs, not only for the benefit of society but also for their own benefit. Social entrepreneurship and its dual value objective can serve as an interesting model for traditional corporations to fulfil increasing societal expectations. It also serves as a blueprint for organizations that actively want to serve authentic human needs. By reducing the inequities and decreasing their environmental impact such organizations can become more life conducive and better enable our system to address issues relevant to human survival. The social entrepreneurship makes the society and civilisation to work in a better way. The total social good to the society is given by the social entrepreneurs making the world a better place to live in. The social entrepreneurs can create goodness in the society by the spread of social movement in form of business empires to give strength to the society.

References

Alter, S. K. (2006). Social Enterprise Models and Their Mission and Money Relationships in A. Nicholls (ed.), Social Entrepreneurship –New Models for Sustainable Social Change. Oxford: Oxford University Press, 411–79.

Amit, R. and Zott, C., (2000). Value Drivers of e-Commerce Business Models. INSEAD Working Paper. Fontainebleau, INSEAD.

Bornstein, D. (1998). Changing the World on a Shoestring. *The Atlantic Monthly*, 281(1): 34-39.

Boschee, J. (1998). Merging Mission and Money: A Board Member's Guide to Social Entrepreneurship. National Centre for Non-profit Boards.

Brinckerhoff, P. C. (2000). Social Entrepreneurship: The Art of Mission-Based Venture Development, New York, John Wiley & Sons.

Dees, J. G. (1998). Enterprising Nonprofits. *Harvard Business Review*, 76(1): 54-66.

Fowler, A. (2000). NGDOs as a moment in history: Beyond aid to social entrepreneurship or civic innovation? *Third World Quarterly*, 21(4): 637-654.

Hamel, G. (2000). Leading the Revolution. Harvard Business School Press, Boston, 65-112.

Hibbert, S. A., Hogg, G., and Quinn, T. (2002). Consumer Response to Social Entrepreneurship: the case of the Big Issue in Scotland. *International Journal of Non-profit and Voluntary Sector Marketing*, 7(3): 288-301.

Kinkade, S. (2005). *Our Time Is Now: Young People Changing the World*, Pearson Foundation.

LaBarre, P., Fishman, C., Hammonds, K. H. and Warner, F. (2001). Who's Fast Leaders? 2002. *Fast Company*, 52: 83-128.

Leadbeater, C. (1997). The Rise of the Social Entrepreneur. London: Demos. Nicholls, A. (2006). "Introduction," in A. Nicholls (ed.), Social Entrepreneurship – New Models for Sustainable Social Change. Oxford: Oxford University Press, 1–36.

Mair, J. and Marti, I. (2006). Social Entrepreneurship Research: A Source of Explanation, Prediction, and Delight. *Journal of World Business*, 41: 36-44.

Mawson, A. (2008). Social Entrepreneur, The Making Communities Work. Atlantic Books.

Morse, R. and Dudley, L. (2002). Civic Entrepreneurs and Collaborative Leadership. PA Times, August: 3.

Munoz, J. M. (2010).International Social Entrepreneurship: Pathways to Personal and Corporate Impact. New York: Business Expert Press.

Nicholls, A. and Cho, A., (2006). *Social Entrepreneurship: The Structuration of a Field* ", in Nicholls, A. (ed), Social Entrepreneurship: New Models of Sustainable Social Change, Oxford University Press, 99–118.

Prabhu, G. N. (1999). Social Entrepreneurship Leadership. *Career Development International*, 4(3): 140-145.

Simon, T. (2010). Egg comes first in charity game. *The Sydney Morning Herald (*2010-03-09).

The Institute for Social Entrepreneurs http://www.socialent.org/beta/definitions.htm.

Thompson, J. L. (2002). The World of the Social Entrepreneur. *The International Journal of Public Sector Management*, 15(4/5): 413.

Thompson, J., Alvy, G., & Lees, A. (2000). Social entrepreneurship: A new look at the people and the potential. *Management Decision*, 38(5): 328-338.

Venkatraman, N. and Henderson, J. C. (1998). Real strategies for virtual organizing. *Sloan Management Review*, 40: 33-48.

Waddock, S. A. and Post, J. E. (1991). Social Entrepreneurs and Catalytic Change. Public Administration Review 51(5): 393-401.