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2 General Literature Overview on Social Entrepreneurship

2.1 Entrepreneurship

Entrepreneurship has been a topic of economic, political, and social importance throughout the years. It is known as an employment feature of times of pre-industrial revolution that has been growing and changing ever since (Kariv, 2011). Entrepreneurs are portrayed as the heroes of today's market, so that the global economy embraces them as the most significant force of economic development (Frederick, O'Connor, & Kuratko, 2018), and the predominant form of business organization. The OECD (2016) states that in all countries, between 70% and 95% of all firms are micro-enterprises¹. Moreover, start-ups² with employees, represent between 20% and 35% of all employing firms in the OECD area.

'In most countries, entrepreneurship is emerging as the major factor paving the way of economic development, by having a synergistic impact through job creation, innovation, helping to increase female, ethnic and minority participation in the workforce and alleviating local poverty in inner cities and suburban areas' (Kariv, 2011, p. 2).

The entrance of new enterprises in a market influences the processes of growth and renovation of the economy, invigorating the competition, creating employment, causing the exit or adaptation of enterprises, and promoting structural change and economic growth (Pott & Pott, 2012). Moreover, its study and practice are a way for achieving greater social justice and fairness and as such, striving for social beneficial and sustainable outcomes that lead to human flourishing. In this way, the perceived divide between society and economy is artificial, as they are inseparable. The economy is an invention of society, so that it can and should be reinvented to guarantee the two are compatible (Clark Muntean & Ozkazanc-Pan, 2015). This makes addressing social issues through entrepreneurship a natural fit (Kickul & Lyons, 2016). One alternative to achieve this is through social entrepreneurship. Thus, next, I present the definition of entrepreneurship as a foundation for the following conceptualization of social entrepreneurship.

1 Micro-enterprises have less than ten employees

2 Start-ups are up to two years old

2.1.1 *Origin and Definition of Entrepreneurship*

Widespread conceptions of entrepreneurship have evolved over time and these different understandings reflect its history; a history that does not propose a coherent and clear theoretical framework (Ricketts, 2008). However, the description of the origin and brief history of the concept of entrepreneurship and the progress of the different approaches follow next.

Anthropology studies have shown that entrepreneurial wealth creation has existed for millennia, such as the Phoenicia in the 11th century BCE, a nation of merchants and traders. Whereas in Muslim communities, trade and commerce were allowed and compensated, in Europe in the Middle Ages wealth and power came from military conquest. Moving from a feudal economy to nascent capitalism, merchant entrepreneurs became major players in European politics (Frederick et al., 2018). ‘The whole enterprise may have been statist at heart, but it relied on people to develop overseas markets, to build great trading companies, to strengthen domestic industry and to generate a large tax base’ (Ricketts, 2008, p. 36).

The term entrepreneur comes from the French verb ‘entreprendre’ which means ‘to begin, tackle, undertake’. The word appeared for the first time in the 1437 in the *Dictionnaire de la langue française*, commonly meaning ‘celui qui entreprend quelque chose’, referring to a person who is active and achieves something. Many French authors referred to this term during the medieval period, often in connection with war-like activities or with someone who is tough and willing to risk his life and fortune (Blundel, Lockett, & Wang, 2018; Landström, 2005). The first official use of the concept was in the 17th century, by a Parisian banker and economist, Richard Cantillon (1680-1734) who introduced the term entrepreneur with his ‘*Essai sur la Nature du Commerce en general*’ and presented his first definition of entrepreneurship as self-employment of any kind taking a financial risk (Blundel et al., 2018). It was however the agricultural and industrial revolutions of the 18th and 19th centuries that finally produced the modern multi-faceted image of the entrepreneur. Entrepreneurship represented in the 19th century a new social phenomenon, which derived in the idea of the heroic entrepreneur. In the 20th century, the entrepreneurship trend initially decreased as large-scale corporations started establishing their business more managerial than entrepreneurial. Later in the century, some industries, like computer technology, re-established entrepreneurship (Ricketts, 2008).

One of the economists mostly referred to in entrepreneurship literature is Joseph Alois Schumpeter (1883 – 1950), who was the first to emphasise the role of innovation in entrepreneurship (Kariv, 2011), and who embossed the term ‘creative destruction’, assuring that capitalism is a form of continuous economic change, where new substitute old, through processes of creative destruction (De, 2005). Throughout history many other economists and theorists

have been developing the understanding of entrepreneurship. In general, these tend to be grouped into three main streams of research, which include a focus on the results of entrepreneurship, the causes of entrepreneurship and entrepreneurial management (Austin, Stevenson, & Wei-Skillern, 2006). Methodological and theoretical disagreements are still current, and a general theory of entrepreneurship is not officially available (Ricketts, 2008), as entrepreneurship is studied from broad disciplinary perspectives, such as psychology, sociology and anthropology, economics, historical studies, and political science (Blundel et al., 2018). The phenomenon has been studied focussing on a macro level (social, cultural, financial, displacement and ecological aspects) or on a micro level (traits, venture opportunity and strategic planning aspects) (Frederick et al., 2018).

Entrepreneurship is associated nowadays with many different qualities and it is until now not clearly defined (Frederick et al., 2018). Thus, the OECD-Eurostat Entrepreneurship Indicators Programme (EIP) defines entrepreneurship as the

‘phenomenon associated with entrepreneurial activity, which is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets. In this sense, entrepreneurship is a phenomenon that manifests itself throughout the economy and in many different forms with many different outcomes, not always related to the creation of financial wealth’ (OECD, 2016, p. 12).

A general and broad definition, that includes the recognition of opportunities, as well as their translation into marketable ideas and value creation, assuming risk and implementation, underlining innovation, comes from Frederick et al. (2018, p. 8):

‘An entrepreneur today is considered to be a social or business innovator who recognises and seizes opportunities; converts those opportunities into marketable ideas, adds value through time, effort, money or skills; assumes the risks of the competitive marketplace to implement these ideas; and realises the rewards from those efforts’.

Therefore, as a summarized way of defining entrepreneurship for the present dissertation, the concept is understood as: ‘an undertaking, embedded in a social, cultural, economic and political context, where an individual or team discover and evaluate opportunities or their own visions and ideas and bring them into reality by creating something innovative, generating economic and social value’.

This definition underlines that the phenomenon of entrepreneurship occurs within a certain context, influencing and being influenced by it. It includes an undertaking, which means taking concrete action, referring to the agency of the individual or the team. This undertaking comprises discovering and therefore identifying, evaluating, and bringing into reality opportunities or the own visions and ideas. Bringing them to reality comprehends creating something

new or innovative or it can also comprise improving the reality by changing it. Finally, this undertaking creates and generates value, economic and social. This occurs through setting up a business, organization, institution, or improving processes and services, policies and so on, which can manifest in different forms and in varied outcomes.

However, it is important to mention, as Ahl (2004) points out, that framed within an epistemological setting as proposed by this study (discussed further), a universal definition or an essence of what constitutes an entrepreneur is not an aim of this research, moreover concepts like entrepreneurship, as being socially constructed, can only be analysed through the way they have been constructed, which includes the development and historical embedment of the definitions of entrepreneurship and of the entrepreneur.

2.1.2 Profile of the Entrepreneur

Many researchers attempted to discover common personality traits and attitudes from entrepreneurs, as well as conducting many meta-analytic studies on this relationship (Frese & Gielnik, 2014). However, it is now well established that psychological traits cannot confirm entrepreneurial behaviour. The results are usually contradicting. It is probably impossible to determine just one type of person with a high probability to become an entrepreneur. Likewise, not only the individual characteristics play a role, but also the social, political, and cultural characteristics. Furthermore, many of the individual characteristics are very difficult to measure and define. Common findings allow in that way only a broad delimitation of the attitudes and characteristics related to entrepreneurs. However, the empirical analysis of the ‘entrepreneurial personality’ continues to proliferate and branch into new directions (Blundel et al., 2018; De, 2005; S. C. Parker, 2018). The most important traits discussed in these studies are innovation and creativity, achievement motivation, general self-efficacy, willingness to take risk, courage, determination and readiness for action, goal-directed action or proactivity, control and organization, internal locus of control, imagination, vision, intuition and social competencies such as empathy, proactivity, emotional stability, team spirit and stress-tolerance (De, 2005; Frese & Gielnik, 2014; Jain, 2011; Pott & Pott, 2012; Rauch & Frese, 2007). Age and education are also seen as influential on increasing the probability to become an entrepreneur. The highest prevalence of entrepreneurial activity is among the 25- and 44-year olds (Acs, Szerb, Autio, & Lloyd, 2017). Moreover, most of the entrepreneurs in Germany are university graduates (Sternberg, Vorderwülbecke, & Brix, 2014). A detailed overview and discussion of these can be found for example on Blundel et al. (2018).

Studies have shown that the heterogeneity of entrepreneurs (in age, gender, preparation, visions, etc.) is their most important characteristic. Nevertheless,

it is known that all have a common motivation which is the wish to develop themselves into their own venture. Entrepreneurship realises different motivations and needs related to the preferred career and way of life (Kariv, 2011). The GEM (Global Entrepreneurship Monitor, 2016) has measured motivations categorized in opportunity-driven, necessity-driven or improvement-driven motivations and shows that globally the highest motivation has to do with opportunity-driven reasons, followed by improvement-driven reasons and at the end by necessity-driven reasons³. In these studies, gender is used as a variable, and here it was found that making more money motivates men more than women to create a business, while pursuing an interest or hobby is a stronger motivator for women (OECD, 2018).

In Germany, the most important motivations for setting-up an enterprise are getting involved in an entrepreneurial activity, to have an additional source of income, to do justice to the own qualifications, to bring change into the day-to-day and to realize a dream (Metzger, 2016). In general, global tendencies are reflected as well in Germany. The most part (49%) are opportunity-driven, followed by a 37% of improvement-driven and a 14% of necessity-driven motivations (Global Entrepreneurship Monitor, 2016).

2.1.3 Context and Entrepreneurship

As previously discussed, entrepreneurship is a phenomenon that is influenced by the individuals who start a venture and the context in which they do it. Entrepreneurship should be therefore examined through a multi-level approach, making connections between individual, organizational and social levels, involving the economic and financial situation, as well as the governmental, legal, social, and cultural systems (Blundel et al., 2018).

It is known that the level of entrepreneurial activity differs across countries; which is linked with variations in the stage of economic development, demographic (e.g., age distribution and immigration), cultural (e.g., entrepreneurial values, beliefs and expectations about work and career) and institutional (e.g., fiscal systems, infrastructure, education) structures (Freitag & Thurik, 2010; Urban, 2007). Culture is represented as a mediator of the relationship between contextual factors and entrepreneurial outcomes, transforming and complementing the institutional and economic contexts that influence entrepreneurship (Hayton, George, & Zahra, 2002). Cultural values also impact the perception of each individual in their formation

3 Necessity-driven - Percentage of TEA of the adult population aged 18-64 years old who have started a business out of necessity because they have no other option. Opportunity-driven - Percentage of TEA of the adult population aged 18-64 years old who have started a business out of an opportunity. A portion of these seek to improve their situation, either through increased independence or through increased income (versus maintaining their income).

of cognitive schemes, interpretation models and judgement criteria, which shape subsequently the behaviours and therefore entrepreneurial activity (Urban, 2007).

There are some theoretical frames that explain entrepreneurial frequency. The first frame states that if psychological traits are aggregated the more people with entrepreneurial values are in a country, the more people will behave entrepreneurially. Another frame focuses on the fact that the orientation of a culture, whether materialistic or non-materialistic, influences entrepreneurship. A society which is post-materialist⁴ is more likely to be less entrepreneurial. A third frame focuses on social legitimation of entrepreneurship and therefore on the impact of social norms and institutions. Finally, the dissatisfaction perspective argues that a clash of values between groups may motivate future entrepreneurs into self-employment (Thurik & Dejardin, 2010). Other researchers study the relation of culture and entrepreneurship utilizing the dimensions of Hofstede (op. 2001), which include power/distance, uncertainty/avoidance, individualism/collectivism, and masculinity/femininity (Urban, 2007). A study by Urbano & Alvarez (2014) found that institutional dimensions influence the possibility of involvement in entrepreneurship; showing that favourable regulative dimensions (fewer procedures to start a business), normative dimensions (higher media attention for new business) and cultural-cognitive dimensions (better entrepreneurial skills, less fear of business failure and better knowing of entrepreneurs) increase the likelihood of being an entrepreneur. Other external factors that influence positively entrepreneurship are financial markets that provide access to financial resources, government policies that favour the establishment and operation of new ventures (e.g., favourable tax policies) and when markets for specific new products and services grow rapidly (Baron, 2012).

As stated, the cultural and shared beliefs of groups and societies influence greatly the way the social and political structures will be built and at the same time the individual beliefs and values. Therefore, understanding the social image or public perception of the entrepreneur and the existing social image of entrepreneurship is vital. One specific example is how language influences this social perception. The German language uses four terms to define 'entrepreneurship' which symbolize different aspects of it and thus represent the various social roles that exist for this concept. First, the self-employed (*Selbstständige*) is a retailer, service provider or craftsman, usually owning a small business and earning little income; the businessman/woman (*Unternehmer/in*), who is linked with active leadership, employers, and a producing business; the freelancer (*Freiberufler*) who is like the self-employed but has usually a profession and finally the entrepreneur is linked with young innovative founders (De, 2005).

4 Strong post-materialistic cultures value humanism, quality of life, peace, human rights, and the environment.

The relationship between entrepreneurship and culture and environment is reciprocal, thus it is also important to mention the ways entrepreneurship influences and contributes to society or a community (Blundel et al., 2018). Entrepreneurship and mostly the creation of business fulfil the economic functions of innovation, growth, employment creation and renewal of the business demography (De, 2005). For Fritsch (2016) there are direct (job creation) and indirect (substitution of established companies by new successful ones) effects of entrepreneurship. However, it is also a way for people to ascend socially. It was already Schumpeter who stated that it was not the rich and well established but the ‘social outcasts’ who performed as dynamic entrepreneurs (immigrants, women, LGBTQ* community, those who were informally educated, etc.). Entrepreneurship allows people to unfold their own talents independent from formal qualifications and regular career paths and in that way, being able to sustain them commercially. Therefore, it contributes to a society allowing that the available skills and potentials are exploited in an optimal way (Kariv, 2011).

Before ending this chapter, it is relevant to note that the characteristics of the Global North countries represent overall trends but may not hold for every country on every dimension (Urban, 2007) and for every population. There is a wide range of studies in the Global Souths, covering issues like culture and values, the post-colonial period, institutional barriers, governance and policy, education, foreign investment, infrastructure, and many others related to entrepreneurship (Acs & Virgill, 2010). These studies contribute to a better understanding of global entrepreneurship. Moreover, although there are more than 500 million indigenous people in the world, most research in entrepreneurship is focused on non-indigenous entrepreneurs. Indigenous entrepreneurs are mainly motivated by self-determination and heritage preservation; their entrepreneurial strategies are created and supervised by the whole community and allowed by their culture. Business opportunities from them take into consideration economic and non-economic objectives; and within these non-economic objectives, there are significant cultural pressures that are placed on them (Lindsay, 2005).

Finally, there is still a call to pay greater attention in future research on theory building which encompasses the interaction of contextual, cognitive, and behavioural variables of entrepreneurship, since research has been either focused on one or the other variable, but few have tried to include them all (Blundel et al., 2018; Urban, 2007).

- 5 When referring to the ‘Global South’ the definition by Santos (2016) is used, meaning the Global South as a large set of creations and individuals, suffering under capitalism, colonialism and patriarchy. On the other side is the Global North, a political, not geographical, location, increasingly more specialized in the trans-nationalization of these systems. Thus, the Global South is understood as a sociological category instead of a geographical concept and refers to set of knowledges and ways of living and producing meaning that are usually seen as residual or backward (Hillenkamp & dos Santos, 2019).

In the last ten years, the field of entrepreneurship has expanded greatly. Currently, there is a need to 'break the idea that there is 'one' entrepreneurship, and instead accepting that there are 'many entrepreneurships' in terms of focus, definitions, scope and paradigms' (Steyaert & Hjorth, 2003, p. 5). One of these 'entrepreneurships' is social entrepreneurship. In the next section I describe and discuss this concept.

2.2 Social Entrepreneurship

Social entrepreneurship has now become firmly rooted in the popular language and has been researched and discussed largely in the academic field with a multiplicity of publications, MBA courses and academic research centres. Social entrepreneurship is a contact point between entrepreneurship, innovation, and social change (Perrini & Vurro, 2006). Already Schumpeter's definition of entrepreneurship involved its relationship to the various forms of economic and social change (Swedberg, 2007).

The concept of social entrepreneurship is increasingly described as a very wide spectrum of initiatives or practices, even though there is no clear agreement on what kinds of organizations and practices might be at the ends of this spectrum (Defourny & Nyssens, 2010). Indeed, Swedberg (2007) notes that the current literature on the topic offers more inspiring examples and anecdotes than theoretical insights and analysis. A deep understanding of what social entrepreneurship can be is not only significant in the academic field but it is also needed to avoid simplifying social challenges (Defourny & Nyssens, 2010). There have been various perspectives through which researchers have analysed social entrepreneurship. Some included the research of the social entrepreneur, motivations, features, and personalities. Others concentrated on the organization of social entrepreneurship, analysing the governance structures, the stakeholder's involvements, financing strategies and so on. Finally, other researchers have focused on the phenomenon of social entrepreneurship, its impact towards social change, its embedding in social structures or political systems. Nevertheless, an integrated and complete understanding of social entrepreneurship includes all of these different perspectives and more (Spiess-Knafl, Schües, Richter, Scheuerle, & Schmitz, 2013).

In the present chapter I discuss the conceptualization of social entrepreneurship, its origin and definition, its diverse forms and relations with culture and context, the challenges, and contributions of the field.

2.2.1 *Origin and Definition of Social Entrepreneurship*

Although the research on social entrepreneurship has recently become popular, it is not a new phenomenon (Zeiss Stange, Oyster, & Sloan, 2013). Even if they were not labelled as such, several authors discuss the history of social entrepreneurial activities and refer, for example, to the development of cooperatives in the mid-1800s and settlement houses in the late 1800s (Casey, 2013), some of these activities were either named ‘community development’ or those in ‘social purpose organizations’ (Tan, Williams, & Tan, 2005). For Zeiss Stange et. al. (2013) the idea of social entrepreneurship initiated in France in the 19th century when people started reacting to the uncontrolled capitalism. In Germany, social entrepreneurs emerged within a highly developed, highly regulated welfare state. In the second half of the 19th century many private charity organizations and social service institutions financed by donations and membership fees were established, developing into a system of five welfare associations (*Wohlfahrtsverbände*), which were granted privileged legal status and public funding. Simultaneously, local institutions were initiated to take care of those in need. Thus, a culture of cooperation between public and private welfare provision developed at the community level and is still valid today. The principle of subsidiarity in Germany was incorporated in the late 1960s into the country’s social law, guaranteeing the Free Welfare Associations a privileged position within the growing market of social and health service supply by granting them privileged public funding and protecting them against competition. Moreover, the alternative, women’s and environmental movement in the 1960s and 1970s gave important impulses for the establishment of social enterprises (Zimmer & Bräuer, 2014). At the end of the 19th and beginning of the 20th century there were already some examples of social entrepreneurship, like the ‘SOS Kinderdörfer’ (established by Hermann Gmeiner), the cooperative movement started by Friedrich Wilhelm Raiffeisen, a pioneer in microcredits financing (Schwarz, 2014) and Kolpingwerk (an international catholic social union, founded by Adolf Kolping) (Scheuerle, Glänzel, Knust, & Then, 2013). In the United States, the first modern social entrepreneurs started appearing by the 19th century (e.g., the anti-slavery leagues, Florence Nightingale and John Muir (Blundel et al., 2018)). However, these were isolated cases, and it was not until 1980 that the social area made a structural jump to a new global entrepreneurial competitive ground (Drayton, 2006).

Thus, Defourny & Borzaga (2001a) recount that the emergence of the first social enterprises at the end of the 1970s coincided with the decrease of economic growth rates and the increase of unemployment, causing a crisis in the European welfare systems. First, the crisis generated an increase in the public deficits, so that many countries reformed the employment subsidies and blocked the growth of social services. Afterwards, policy makers decentralized

power to local authorities and introduced prices by privatizing some services and shifted from passive to active labour and employment policies. This allowed an improved acceptance of civil society's initiatives, making their public funding more viable. Additionally, the failures of the traditional labour policies promoted the development of many social enterprises in work integration. This led to a trend to promote managerial and business-like approaches to the governance of non-profit and welfare organizations, implementing techniques for managing processes, new funding strategies, measuring and communicating outcomes during the last decades. The idea was that the instruments that were creating economic wealth could also generate social goods in a more efficient and effective way (Casey, 2013; Perrini & Vurro, 2006). This so called 'marketization of welfare' is the penetration of essentially market-type relationships into the social welfare (Salamon, 1993), adapting the techniques and logics of the market to church, school, etc. (Dempsey & Sanders, 2010). Using market-oriented principles for improving efficiency was also applied in governments and is known as the 'New Public Management' (Guo & Bielefeld, 2014). In this way, the social sector in general is following the trend from a traditional philanthropic dependency, towards focusing on measuring results and identifying potential commercial sources of income (Perrini & Vurro, 2006).

Hence, the term 'social entrepreneurship' was introduced in 1970s by Banks (1972, p. 53) as 'those who saw the possibility of using managerial skills directly for socially constructive purpose'. The main proposition was that management competencies should also be applied to solve social problems (Rummel, 2011). In this manner, the commercial activities of non-profits were the first to become associated with the term 'social enterprise' when at the end of the 1960s non-profits created programmes to generate employment (Kerlin, 2013). Internationally, the term became popular through Bill Drayton (founder of Ashoka, the organization that supports nowadays worldwide social entrepreneurs) and Muhammad Yunus (founder of the Grameen Bank in Bangladesh, who provided microcredits to promote social development) (Rummel, 2011) and then moved into academia in the 1990s through the work of business school professors (Casey, 2013), when for example the Harvard Business School launched the 'Social Enterprise Initiative' in 1993 (Defourny & Nyssens, 2010).

In Europe, the social enterprise, a similar concept, appeared for the first time in 1990 in the third sector, because of an incentive that came first from Italy and was linked with the cooperative movement. In 1996 the European Commission funded a research programme, the EMES European Research Network (Defourny & Borzaga, 2001b), which first was dedicated to the definition of criteria to identify organizations that could be called 'social enterprises' and in this way defining a social enterprise as:

‘...not-for-profit private organizations providing goods or services directly related to their explicit aim to benefit the community. They generally rely on a collective dynamic involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks related to their activity’ (Defourny & Nyssens, 2008, p. 204).

Within the Social Innovation school of thought, influenced largely by Bill Drayton, Dees (1998, p. 4) has proposed one of the most cited definition of the social entrepreneur as

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

It can be noticed that this definition’s approach is more individual, focusing on the social entrepreneur and his/her characteristics. Bornstein (2007; 2010) describes social entrepreneurs as transformative forces; and social entrepreneurship as a process by which citizens build or transform institutions to advance solutions to social problems. According to studies about the personality of the social entrepreneur, they are characterized by special leadership skills, a passion to realize their vision, a strong ethical fibre (Mair & Martí, 2004); they are change promoters in society, pioneering innovation within the social sector through the entrepreneurial quality of an innovative idea, they have a capacity building aptitude, an ability to demonstrate the quality of an idea and to measure social impacts (Perrini & Vurro, 2006). Social entrepreneurs are intrinsically motivated by personal values that encourage empathy and self-confidence born of relevant experience, and extrinsically by an encounter with a social problem and the support of others who share concern regarding that problem (Kickul & Lyons, 2016). This is the main difference with commercial entrepreneurs, who have been historically conceptualized as being motivated by the discovery and exploitation of profitable opportunities for private wealth (Hechavarria & Ingram, 2016). Indeed, some authors discuss this change in terms of an economic paradigm shift, where the traditional understanding of value creation only in terms of economic profit has extended to cover non-economic gains (Sarango-Lalangui, Santos, & Hormiga, 2018). On the other hand, when describing social entrepreneurship usually the resulting beneficiaries of the venture are emphasized instead of the individual entrepreneur’s goals or efforts, and it focuses on and embraces socially constructed ‘feminine qualities’, such as empathy and compassion (Brush et al., 2009).

For Lyons (2013) social entrepreneurship can be simply defined as: ‘The application of the mind-set, processes, tools, and techniques of business entrepreneurship to the pursuit of a social and/or environmental mission’. Agreed upon is that a social enterprise is a business-like organization that pursues financial sustainability and mission achievement and has the goal to create value

for the society through a triple-bottom-line (TBL), making an impact on social, environmental, and financial aspects (Caslin III, Sachet, & Shevinsky, 2013). This is also underlined in the definition proposed by Muhammad Yunus which describes a social enterprise as a cause-driven business, where investors/owners can gradually recover the money invested but cannot take any dividend beyond that point. Purpose of the investment is purely to achieve one or more social objectives through the operation of the company, covering all costs and making profit. The social objectives could be focused on disadvantaged people, healthcare, housing and financial services, nutrition for malnourished children, safe drinking water, renewable energy, etc. Unlike a charity, a social business generates profit and aims to be financially self-sustaining, thus removing the need for fundraising and allowing to reinvest profits back into generating impact (Yunus, 2007; Yunus Social Business, 2019). Compared to commercial enterprises, in social entrepreneurship social wealth creation is the primary objective, while economic value creation, is a necessary but by-product that secures the sustainability of the initiative and financial self-sufficiency. Profit maximization and wealth creation become the means through which socially entrepreneurial innovators pursue their social mission (Perrini & Vurro, 2006).

Within the discussions of the concept of social entrepreneurship, sustainable entrepreneurship has been gaining importance and receiving increased attention in academic literature from many different backgrounds and perspectives (Belz & Binder, 2017; Sarango-Lalangui et al., 2018). Sustainable entrepreneurship can be defined as the recognition, development, and exploitation of business opportunities by individuals to resolve current market and societal failures leading to economic, environmental, and social improvements with a general concern for the welfare of future generations. Outcomes of sustainable entrepreneurship are usually described as value creation (social, sustainable, and mixed⁶), institutional innovation, and scaling effects or impacts of entrepreneurial activities. Transforming institutions means changing regulations such as industry norms, regulatory laws, property rights, and market signaling and transforming conditions embedded in broader socio-economic structures, reducing social and economic disparity, and improving the quality of life on multiple levels (macro-, meso-, and microlevels) (Belz & Binder, 2017; Sarango-Lalangui et al., 2018; Schaltegger & Johnson, 2019). Sustainable entrepreneurship is also a social movement towards changing existing consumption,

- 6 Social value creation refers to social issues and to positive outcomes generated for a wider extent of society created by the venture activities. Sustainable value creation occurs when value is created for all sustainability dimensions simultaneously and integrating individuals and societies with both economic and non-economic benefits. Mixed value creation (or shared value creation) combines one additional sustainability aspect to wealth creation, combining either ecological-economic aspects or social-economic aspects (Schaltegger & Johnson, 2019).

lifestyle and production patterns and engaging for this in co-evolutionary processes (Schaltegger & Johnson, 2019).

This neighbour concept has many features in common with social entrepreneurship. In general, social entrepreneurship focusses on social issues, while in some cases environmental problems are also included. Hence, sustainable entrepreneurship could be subsumed under the umbrella term of social entrepreneurship (Belz & Binder, 2017). However, for Schaltegger & Johnson (2019) sustainable entrepreneurship rather includes forms of social and environmental entrepreneurship. In this understanding, social entrepreneurship is seen as the application of the entrepreneurial approach (e.g., discovery, creation, and exploitation of opportunities) towards meeting societal goals and creating social value, usually in the form of a non-for-profit enterprise, whereas environmental entrepreneurship focusses on creating opportunities that minimize the venture's impact on the natural environment, typically through for-profit enterprises. Nevertheless, hybrid forms of entrepreneurial ventures are emerging to incorporate all three sustainability dimensions (social, environmental, and economic).

Regarding the differences between social and sustainable entrepreneurship, Belz & Binder (2017) propose three important variances. First, sustainable entrepreneurship aims at balancing the triple bottom line of economic viability, social equity, and environmental stability, while social entrepreneurship usually pursues a double bottom line of social and economic goals. Second, the root of the term 'sustainable' entrepreneurship stems from the concept of sustainable development, which underlines the protection of the ability of future generations to meet their needs. While sustainable entrepreneurship includes intra- and intergenerational equity, social entrepreneurship mainly focuses on intragenerational equity, that is, problems that affect people in the present. Third, sustainable entrepreneurship is limited to the study of for-profit organizations with a social mission and hybrid organizations, while social entrepreneurship also encompasses non-profit organizations. Thus, there is no consensus in the definitions of both concepts and neither in their conceptual and practical relations, and henceforth this dissertation will refer to social entrepreneurship, although in many cases it might be including or taking into account sustainable entrepreneurship as well.

In Germany, Achtleitner, Heister & Stahl (2007) provide a definition of social enterprise as an organization that has social change as a primary goal, and which uses entrepreneurial approaches. Thus, a social entrepreneur may create income for him or herself and other employees if this supports the goal of the organization (Schwarz, 2014). Social entrepreneurship can be new established organizations or new arrangements of existing social organizations (social intrapreneurships) and are motivated by individual or community driven goals, to relief and solve social problems, which are usually defined as such by the individual and community themselves. Social enterprises have no

self-preservation interest and their legal and organizational forms have usually governance structures (Jansen, 2013). Thus, the German Social Entrepreneurship Association, in their monitor report of 2018 (Olenga Tete, Wunsch, & Menke, 2018) use the European Commission's Social Business Initiative definition (European Commission, 2015, p. 9), which states:

'A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involve employees, consumers and stakeholders affected by its commercial activities'.

This definition includes three relevant aspects. First, the social objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation. Second, profits are mainly reinvested in order to achieve the social objective, and third, the method of organization or ownership system reflects the mission using democratic or participatory principles or focusing on social justice (European Commission, 2015; Olenga Tete et al., 2018).

An important add-on on the term is that social entrepreneurship has different aspects and is influenced by the socioeconomic and cultural context, so that it cannot be understood in a purely economic sense, and it needs 'to be sustained by, and anchored in, the social context, particularly the local environment' (Jack & Anderson, 2002, p. 483).

It can be observed that there are plenty of available definitions of the term, and as for many terms, there is no consensus on a universal definition. Clear is that the definition includes the features of entrepreneurship (related to the business, innovative, risk-taking and performance characteristics), with the general goal to create and sustain social or environmental value and have a positive impact on social change. A broad overview of the different theoretical approaches and definitions of social entrepreneurship can be found for example in Jansen (2013) which lists the various authors, their contributions, and definitions of social entrepreneurship as well as the perspectives and dimensions of each definition, comparing and discussing social entrepreneurship with social movements, NGOs and non-profit organizations. For other overviews see Kickul & Lyons (2016) or Guo & Bielefeld (2014).

Many other concepts such as the third sector, social economy, or civil society are also common in the general discussion and in academic research of social entrepreneurship, such that these different terms sometimes overlap, but also have variations in definitions, in meanings, as well as in connotations. Following a short table (Table 1) describing some of these different terms:

Table 1: Concepts Related to Social Entrepreneurship (Source: own elaboration)

The third sector	Made up of most enterprises and organizations which are not primarily seeking profit, and which are not part of the public sector. It includes formal and private, self-governing organizations, it has a non-distribution constraint and must have some level of voluntary contribution in time or money (Defourny, 2001).
The social economy	Has been an official term in the EU since 1989, and is primarily related to cooperatives, mutual societies, associations, and currently to social enterprises. It includes activities whose ethical stance is represented by the aim of serving members of the community, rather than generating profit. They have an independent management, a democratic decision making process and the primacy of people and labour over capital in the distribution of income (Defourny, 2001). Its initiation was a reaction towards globalization (Zeiss Stange et al., 2013). The social economy aligns with solidarity economy principles. However, the social economy does not necessarily seek systemic transformation, whereas the solidarity economy does (Kawano, 2018).
The solidarity economy	Seeks to transform the dominant capitalist system and other authoritarian, state-dominated systems, into one that puts people and the planet at its core, shifting the economic paradigm from one that prioritizes profit and growth to one that prioritizes living in harmony. Equity is a basic value, so that it opposes all forms of oppression. It embraces participatory democracy. There are many allies and common ground to be found among socially responsible capitalist enterprises, but if they have owners who control and make decisions, they do not align with democracy and are excluded from the solidarity economy typology (Kawano, 2018).
Civil society	Includes formal organizations as well as networks, informal organizations, and social movements (Gawell, 2014).
Corporate Social Responsibility or Corporate Citizenship (CSR)	The principal notion is to compensate the community with positive external effects, through the corporate strategy, as a secondary objective or to consider social aspects as a condition for their economic activity (Jansen, 2013). Some enterprises have also developed different types of environmental or social projects that go beyond their specific production or marketing requirements, and some also donate some of their profits to different charitable causes. The CSR approach is at times criticized for being used to camouflage rising profits or to 'clean up' negative environmental or social outcomes (Gawell, 2014).

Summarizing the different definitions of social entrepreneurship, the most important aspects that are highlighted are first, the pursuit of a social mission, to catalyse social change and transformation, creating social, environmental, and financial value for society. Here it is underlined that the economic value is a by-product of these cause-driven business. Second, the fact that it is a business-like organization that produces and provides goods and services in an

entrepreneurial and innovative way and seeks for financial sustainability. Innovation is therefore of relevance. Third, as it pursues a social mission it sustains on a collective and participatory dynamic, with stakeholders in governing bodies and it is managed openly and responsibly. Finally, many definitions include guidelines for the distribution of profit, stating that social entrepreneurs have a limited profit distribution and profits are rather reinvested into the generation of impact. These aspects are all included in the definition provided by the European Commission (2015), henceforth, this research will refer to the following definition for social entrepreneurship ‘an undertaking, embedded in a social, cultural, economic and political context, where individual or individuals discover and evaluate opportunities or their own visions and ideas and bring them into reality by providing goods and services applying entrepreneurial and innovative processes based on collective and participatory decision-making, with the main purpose to generate social value and well-being and resolve social or ecological problems through the creation of systemic change. This can be realized through a wide spectrum of organizational forms’.

To conceptualize integrally the term of social entrepreneurship, the understanding of what it is meant by ‘social’ impact and the creation of social value and social change is much needed. In the following chapter I discuss this issue.

2.2.2 *Social Impact and Social Value*

Discussing social entrepreneurship includes affirmations like ‘sustain social value’, ‘have a social impact’, ‘social engagement’ and many others. However, the ‘social’ on these affirmations needs further clarification, as prevailing definitions generally overlook an explanation of the term. The social element should not merely be understood as representing altruistic behaviour or non-profit activities, as it fails and even prevents from discovering the essence of social entrepreneurship (Martí, 2006).

It has been shown that it is a complex challenge when intending to elaborate the substantive and normative content of the ‘social’ good. The prevailing definitions usually treat it as a predetermined and exogenous concept, or one so obvious that requires no further explanation (Cho, 2006). However, when determined to evaluate and understand social entrepreneurship, it is necessary to think critically about what ‘social’ means. The word ‘social’ comes from the Latin word ‘socius or socialis’ which means together, connected, allied. This should describe a reciprocal relationship as a basic requirement of cohabitation, an interdependent group that lives and works together cooperatively. Social sciences, and specially sociology⁷, have subscribed to the scientific

7 In German sociology, Max Weber analysed status groups and parties in terms of different types of social relationships. Emphasising relationships indicates that the social is not a

analysis of the social. Thus, states, markets and enterprises are per se, social phenomena. The 'social state' or the 'social economy' and 'social enterprises' obtain thereby a rather redundant quality (Jansen, 2013; Kickul & Lyons, 2016).

But the 'social' in social entrepreneurship has naturally to do more with just the obvious reciprocal relationships involved in an enterprise. When confronted to defining the social in social entrepreneurship, it mostly involves describing in detail the activities in which social entrepreneurship engages, such as did Defourny & Borzaga (2001b) in Europe. The authors described these activities and categorized them into two main fields: work integration and social and community care services, adding further the contribution to the development of local economic systems and in some countries also activities in environmental and cultural services. Thus, the social, is defined through the operationalization of the goals and missions of the social enterprise.

Another way of trying to analyse the 'social' was intended by Mair & Martí (2004), who identified three levels on which the social nature of initiatives might be detected. First, the purpose of the activity, which should aim at serving members or the community rather than generating profit. Second, the non-commercial resources; meaning that usually non-monetary resources are also involved, such as voluntary work or/and donations. And third, the use of specific organizational methods such as being autonomous, with own decision-making bodies. Social is also defined as creating positive social change, stimulating transformational processes to advance societal well-being (Stephan, Patterson, Kelly, & Mair, 2016). Moreover, the social category does also include sustainable and fair (environmental) development and seems to diversify in general over time. These developments did not only motivate scholars but also the German Laender Government in its report on the National Engagement Strategy to suggest talking of societal instead of social goals (Zimmer & Bräuer, 2014).

The nature of positive social change is a multilevel transformative process triggered, enabled, and supported by organizational activity that is applicable across the environment, social and economic inclusion, health, well-being, and civic engagement (Stephan et al., 2016). The different types of social innovation include (Perrini & Vurro, 2006; TEPSIE, 2014):

confined totality (such as 'society') but rather a process of socialization that involves reciprocal and meaningful exchanges between groups and individuals. In this way, Weber defines the concept of class as non-social, status as communally social and party as instrumentally social. As a consequence, social is an array of communal and associative social relationships or forms of socialization that cannot be subsumed under the term 'society' (Weber, 1978 as cited in Gane, 2005).

- new services and products like new interventions or new programmes to meet social needs (e.g., car-sharing; zero energy housing developments);
- new practices like new services which require new professional roles or relationships (e.g., dispute resolution between citizens and the state);
- new processes involving the co-production of new services (e.g., participatory budgeting, Fair Trade);
- new rules and regulations like the creation of new laws or new entitlements (e.g., personal budgets where older people can decide how to spend much of their support money);
- building local capacity, refers to the possibility of enhancing local conditions by giving power to underused local capacities;
- disseminating a package of innovations through the reconfiguration of products, resources and management practices into forms that fit better with local specificities
- contributing to building a movement, giving voice to marginalized groups.

In general, defining the social through the final activities implemented by social entrepreneurship refers to initiatives aimed at helping others. In many cases, it also comprises that the activity must be philanthropic and non-profit (Mair & Martí, 2004), and the intention is to create something better, which is only possible to know retrospectively (TEPSIE, 2014). Academics have also suggested that the context rather than the differentiation of entrepreneurship activities establish the ‘social’ and therefore analysed the way social entrepreneurship manifests in different countries and regions (Clark Muntean & Ozkazanc-Pan, 2016).

Nevertheless, defining the term social has more to do with the activity or task that is made and its features. It is important to identify and clarify that not every social entrepreneurial activity is ‘social’ in the same sense, although every entrepreneurial activity involves society in some way or other. Commercial entrepreneurship also has a social aspect as every entrepreneur improves social wealth by creating new markets, new industries, new technology, new jobs, and so on. Thus, for some authors altruism and entrepreneurship are only different degrees and not different kinds (Mair & Martí, 2004). Social entrepreneurship appears to offer an altruistic form of capitalism that does not evaluate human activities in business terms. Yet, there are many ways to apply the adjective ‘social’ to the definition of entrepreneurship, depending to whether entrepreneurship is thought as in, by, for or involving society (Tan et al., 2005).

Trying to define the domain of the social requires making choices about which concerns can claim to be defined as in the society’s interest.

‘These choices reveal that, despite its protestations to the contrary, social entrepreneurship by its very nature is always already a political phenomenon. The move to distinguish social entrepreneurship from private enterprise already suggests that social objectives stand distinct from the interplay of individual pursuits’ (Cho, 2006, p. 36).

To be able to identify society's interest, there should be public dialogue. Identifying these 'social' aims allows distinguishing 'social' entrepreneurship from commercial entrepreneurship. However, defining a 'social' agenda can be difficult because individuals have competing and conflicting identities and interests. When an entrepreneur acts based on values defined as 'social', he/she has already made epistemological and political claims about their ability and entitlement to express what is the public's interest. Discussing 'social' objectives, involves different perspectives of the geographical, cultural, political, economic, and temporal aspects of 'society', which can produce very differing conclusions about the social good and the interventions needed to achieve it. So, in order to reconcile different social points of view, deliberation, debate and discussion are critical. A significant part of good governance is to include individual rights to free expression and political participation because these empower people to speak and negotiate on behalf of their values and interests (Cho, 2006).

In a plural democracy, the common good is a result of the interplay of forces of diverse stakeholders that goes through continuous change processes. A practical way to define the common good is through the tax code, which in Germany for example includes non-profit purposes (promotion of material, spiritual or moral aspects), charitable purposes for disadvantaged people dependent on support and church purposes. The action fields of social entrepreneurship are mostly the development of social services for people in problematic situations or with support needs. These are usually problems that have not been resolved either by the state or by private enterprises. Engaging in systemic change and transforming structures so that social problems are solved, should generate that in the long term the offered service or product is not needed anymore (Schwarz, 2014). Another way to define the common good has been proposed by the Sustainable Development Goals (SDGs), which provide a valid and fairly legitimized operationalization of the abstract vision of sustainable development with a set of goals resulting from a multinational, multi-stakeholder participatory process, referring through these goals to the most pressing social problems to be addressed in the short-term. These include social advances (e.g., eliminate poverty, end hunger, achieving quality education, decent work, reach gender equality, ensure healthy lives, and well-being), environmental protection (e.g., access to clean water and sanitation, climate-neutral energy, promoting sustainable cities and communities, responsible consumption and production, and protection of life on land and the oceans), while promoting fair economic development, innovation and infrastructure, cooperation, reducing inequalities, supporting climate action, peace, and prosperity as part of a positively transforming world (Schaltegger & Johnson, 2019; United Nations, 2015). In general, opportunities for social entrepreneurs might arise, for example, from gaps in the social welfare system. Thus, the nature of

the social needs addressed by social entrepreneurs differs depending on the context (Mair & Martí, 2004).

Another definition of positive social change is presented by Stephan et al. (2016) who define it as a process that is proactively initiated, multilevel in nature, and includes bottom-up dynamics, it transforms patterns of thought, behaviour, social relationships, institutions, and social structures to generate beneficial outcomes for individuals, communities, organizations, society, and the environment beyond the benefits for the initiators of such transformations. This definition underlines that positive social change is proactively initiated through the activities of market-based organizations and that these organizations influence market-based instruments to create value by functioning in a competitive environment and producing or distributing products or services. This is different to change initiated by regulators, donation or membership organizations focused on advocacy as well as different from reactive positive social change resulting from a crisis, a technological development, or shifting societal values. Based on a detailed review, the authors identified four broad domains especially relevant for positive social change projects. First, the environment (e.g., increased energy conservation, recycling, and responsible consumption); second, social and economic inclusion (e.g., empowered marginalized groups, improved educational attainment, reduced community violence); third, health and well-being (e.g., increased preventive and reduced health risk behaviours, improved access to health care); and fourth, civic engagement (e.g., increased community volunteering and responsible investing). However, positive social change projects usually involve several domains simultaneously (Stephan et al., 2016).

In social entrepreneurship, the character of the social does not have a real inherent quality but relates itself to society interpretatively or attributively. Usually, the social entrepreneur defines the social problem he/she intends to solve, on his/her own, and makes it plausible towards society regarding the client/target group (Jansen, 2013). So, this broad field that can be defined as 'social' allows that many organizations and individuals declare to be social on their own conditions. A current trend is for enterprises to propose, and partly implement, a social entrepreneurship discourse, which could be any type of enterprise which defines themselves as entrepreneurs committed to a social purpose. Some argue that the economic priorities should include making a profit, and that the distribution of profits to owners is just a practical means to a socially beneficial end; and according to others, profits and its distribution to owners and investors, are an important incentive, and as important an aim for social entrepreneurship ventures. There is no agreement, and there are no specific regulations related to this discussion. For example, there are no specific regulations regarding if an enterprise reducing CO₂ emissions or an organization with fair work-life-balance-friendly policies is a social enterprise. Some businesses, that develop different types of environmental or social projects that

go beyond their specific production or some that communicate that they donate some of their profits to different charitable causes can also call themselves ‘social enterprises’. However, the actual details are generally vague. Thus, the corporate social responsibility approach is at times criticized for being used to disguise rising profits or to erase or decrease negative environmental or social outcomes (Gawell, 2014).

Nevertheless, to provide a broad definition of the ‘social’ in social entrepreneurship for this dissertation, it is important to primarily note that ‘social entrepreneurship is a means to an end; it is not itself capable of defining social needs or assessing whether the burdens of meeting these needs are being shared equitably. These are fundamentally political questions’ (Cho, 2006, p. 49), and therefore choosing which concerns may be unmet social needs, is not a direct task of social entrepreneurship. Moreover, social entrepreneurship should address legitimate politically defined social problems and operationalize them as goals and enterprise purposes, involving, mobilising, and engaging beneficiaries and all stakeholders. These purposes and specific goals will usually comprise serving members of the community by improving their welfare, health and well-being, building local capacity, including people socially and economically, giving voice to marginalized groups, protecting the environment, challenging the unequal distribution of power and resources, promoting civic engagement and reconfiguring products, resources and management/policies/rules through innovative approaches that improve one or more of the aspects previously mentioned. The legitimate politically defined social needs and problems are the consequence of a consensus after deliberation, debate, and discussion of all interested parties. By playing a role in articulating or shaping social needs, social entrepreneurship can contribute to discourses about the public good and justice (Cho, 2006; TEPSIE, 2014).

2.2.3 Forms of Social Entrepreneurship

As discussed in the proposed definition of social entrepreneurship for this research, this kind of activity may take varied organizational forms, as they are subject to a unique set of values, biases, challenges, laws and practices and therefore assume diverse forms and functions (Caslin III et al., 2013). Ideally, they break up limits among organizational groups, configuring themselves as hybrid organizational forms (Perrini & Vurro, 2006). Thus, in the following section I describe the different forms of social entrepreneurship initiatives.

The most simple and common way to categorize the diverse organizational forms of social entrepreneurship is to identify two, non-dichotomous ends, of one spectrum or continuum. These ends are on the one side the purely philanthropic or non-profit (traditional charity) and on the other side the purely commercial or for-profit (traditional business firm). The boundaries between the

private, public, and non-profit sectors have been blurring, so that in between these ends are various forms of hybrid organizational structures. Even at the extremes there are still elements of both (Austin et al., 2006; Caslin III et al., 2013; Guo & Bielefeld, 2014; Kickul & Lyons, 2016; Sabeti, 2009). Purely philanthropic ventures focus on benevolence, mission, and social value creation. They are limited in its activities by laws regarding its tax-exempt status and have many alternatives for financing. By contrast, the purely commercial enterprise concentrates on its own interests, market benefits, and economic value creation. It includes taxation issues, and more limited financing options, but allows more control over the venture and a chance to keep the profits (Kickul & Lyons, 2016; Zeiss Stange et al., 2013).

Thus, social enterprises exist in the hybrid space, in between the public and private sectors. They can take the form of a for-profit, a non-profit, a non-profit with a for-profit subsidiary, a for-profit with a non-profit subsidiary, non-profit partnerships, non-profit-for-profit partnerships, or others in-between. Income and profits usually consist of a combination of donations, foundation and corporate grants, fellowships, crowdfunding, impact investments/loans, federal, state and city government grants or contracts, venture capital, business angels, loan providers, venture philanthropy, or earned income (Casey, 2013; Kickul & Lyons, 2016). Other forms of hybrid organizations could be for example a for-profit business that rejects a purely profit-only goal and instead works on a 'not-for-personal profit' basis, with higher priority given to the creation of social value; or a non-profit organization which operates in a more entrepreneurial 'business-like' way and pursues more earned income activities, without losing its social mission. Social entrepreneurs often create multiple legal structures, so they may establish both a for-profit company to raise capital and commercialize activities that generate revenues, and a non-profit to receive grants and donations and to provide service and education (Casey, 2013). 'Corporate Social Responsibility' is also part of the spectrum, and it has promoted an increase in social mission-oriented companies that are measured by a triple bottom line (TBL) (Caslin III et al., 2013). Another type of hybrid corporation are cooperative organizations, which combine business logic with cooperative principles such as voluntary and open membership, democratic governance, membership financial participation, autonomy, education and training, cooperation, and a concern for the community (Gawell, 2014). Because of the amount and diversity of these hybrid models, Sabeti (2009) proposes that they constitute an emerging 'fourth sector', meaning that these organizations blend attributes and strategies from all sectors and share the combination of the pursuit of social and environmental aims with the use of a business method, creating hybrid organizations that transcend the usual sectoral boundaries and that cannot be easily classified within the traditional three sectors.

It is important to underline that social enterprises pursue activities in different segments ranging from construction and energy over education, health

and social work to retail and community services, often focussing on services. However, many of them tackle more than one social problem simultaneously (e.g., fighting food waste and employing disadvantaged people) (Huysentruyt, 2014). Moreover, three different types of social entrepreneurship have been distinguished: Social bricolage as using local resources such as volunteers and community activists, social constructionists who access and mobilise financial resources, and social engineers who employ politics and power to change social systems (Teasdale, McKay, Phillimore, & Teasdale, 2011).

As can be noted, there are many different forms of social enterprises, of legal combinations of income and performance activities. Gray (2013) and Dees et al. (2001) propose both a very similar categorization of the different enterprise forms. Still, Gray (2013) admits that this taxonomy does not capture the complexity of the range and variety of organizations in society. Between each of the groups, there are hybrid establishments that do not exactly fit into one category or another. Huysentruyt (2014, p. 4) proposes a labelling that includes the social issues and the business activity. Another way of sorting the different social entrepreneurship forms is by differentiating between the types of activities they do. In this case, there would be social entrepreneurship that are community-driven, other which are cultural or artistic, other environmental and so on (Gawell, 2014). Finally, they can also be categorized according to their scale of social responsibility (Simmons, 2016 as cited in Stenn, 2017). In Table 2 the most important categorizations are summarized.

After revising all different forms of social entrepreneurship and the various forms academics have categorized and organized them, on the one hand, as the concept per se is not clear and defined, the forms are not either. On the other hand, it is important to acknowledge, first, that the central driver for social entrepreneurship is the social problem which is addressed. Second, the organizational form a social enterprise adopts should be decided based on which format would most effectively maximise the mission achievement, mobilizing the resources needed to address the problem. Accordingly, social entrepreneurship is not defined by any legal or organizational form, as it can be achieved through many different ways (Austin et al., 2006); these legal forms also differ between countries (Usher Shrair, 2015). In many cases, even if the country has a special legal form for social enterprises (e.g., the United Kingdom) many organizations do not use it. Which reinforces the fact that ‘what really distinguishes them from other organizations is their simultaneous focus on achieving a social mission through economic activity within the legal frameworks available to them’ (Huysentruyt, Mair, Le Coq, Rimal, & Stephan, 2016, p. 22).

Table 2: Summarized Social Enterprise Spectrum (Source: own elaboration based on Dees et al., 2001; Gray, 2013; Olenga Tete et al., 2018; Stenn, 2017; Neck, Brush, & Allen, 2009)

Spectrum						
Purely philanthropic Non-profit Impact-oriented		Hybrids/ Blends Social Entrepreneurship			Purely commercial For-profit Profit-oriented	
	Traditional charities and NGOs	Non-profit social entrepreneurship/ Non-profit with a for-profit subsidiary	Non-profit-for-profit partnerships	For-profit with non-profit subsidiary/ For-profit social entrepreneurship	CSR Socially responsible company	Traditional business firms
General motives, methods and goals (Dees et al., 2001; (Gray, 2013; Neck et al., 2009; Olenga Tete et al., 2018)	Appeal to goodwill Mission driven Social value creation Social impact: Local/Global	Mixed motives Balance of mission and market – TBL: Social, environmental, and economic value Type of social impact (by the author): 1. Social/ecological impact for the employees and stakeholders through management of the enterprise 2. Social/ecological impact for the community /target group/ through enterprise goal/purpose 3. Social /Ecological global and future impact (societal impact)			Appeal to self-interest Market-driven Economic value creation	
Social responsibility scale (Stenn, 2017)	Relies on fundraising events, donations, and awareness campaigns. Some may charge fees for services or memberships.	- Self-defensive actor: company engages in social responsibility activities, but the motivation is an effort to counter criticism of its products or policies. Marketing and public relations effort attempt to polish a compromised brand image. Activity is reactionary. - Cyclical grantor: prefers to offer cash to other entities engaged in socially responsible work. Usually through creating a foundation and offering cash grants of a cyclical basis. Little long-term commitment to a particular project, and minimal ongoing interaction with grant recipients. - Project focused: dedicated to a particular cause or projects and commits resources towards its long-term success. - Operations focused: focus their socially responsible approach on all aspects on their company's production and operations. Social responsibility is seen as internal to the company's existence, rather than as an external focus. - Social business venture: legally organized as a for-profit company, but its mission is to fulfil			Primarily concerned with profit, short-term cost reduction, and survival. Donations to local causes is incidental, sporadic and lacks long-term commitment	

		a traditionally non-profit purpose. Company profits are used to fulfil the mission. Hybrid non-profit: rather than relying exclusively on traditional donations or fundraisers, it establishes for-profit businesses, all of whose profit is invested back into the non-profit.	
Beneficiaries (Dees et al., 2001)	Pay nothing	Subsidized rates and/ or mix of full payers and those who pay nothing	Pay full market rates
Capital (Dees et al., 2001; (Gray, 2013))	Donations and grants Stakeholder accountability	Below-market capital or mix of full payers and those who pay nothing Market rate capital Combination of donations, grants, sale of products and services Combination of stakeholder and shareholder accountability	Market rate capital Sale of products and services Shareholder accountability
Workforce (Dees et al., 2001)	Volunteers	Combination of market rate compensation and below-market wages or mix of volunteers and fully paid staff	Market rate compensation
Suppliers (Dees et al., 2001)	Make in-kind donations	Combination of charging market prices and special discounts or mix of in-kind and full price	Charge market prices
Use of income (Gray, 2013)	Social and political purposes. Expenses.	Combination of social and environmental causes and expenses returned to owners/shareholders/etc.	Expenses return to owners.

2.2.4 Context in Social Entrepreneurship

Cultural difference is a dimension that conceptualizations of social entrepreneurship often ignore, although there are significant cultural differences in how it is conceptualized (Casey, 2013). The meanings of social enterprise are influenced culturally, historically, socially, and politically, and policy and practitioner discourses over time have also played a role in their definitions (Teasdale et al., 2011). Following I describe a few particularities of some main regions of the world with regards to social entrepreneurship.

As one of the pioneer regions in social entrepreneurship, the discussion will start describing the context of the United States. Here, a more individualistic ideological context prevails, and the emphasis has been on the individual entrepreneur who creates a new organization or the ‘intrapreneur’ who transforms an existing one (Casey, 2013). Such activities were already happening during the foundation of the United States, when community or religious groups sold goods or held bazaars to supplement voluntary donations, however the term social enterprise gained importance in the late 1970s and 1980s. The government started the Great Society programmes in the 1960s, and a significant part of the funds for education, health care, community development and

poverty programmes was channelled through non-profits. Yet, the recession in the economy in the late 1970s led to welfare and federal funding cutbacks so that non-profits began to expand their commercial activities to cover the gap in their budget through the sale of goods or services not directly related to their mission (Kerlin, 2006). As mentioned earlier, the internationalization of social entrepreneurship, is mainly due to Bill Drayton and Ashoka, the organization he founded in 1980. Ashoka focuses on the profiles of specific social entrepreneurs in diverse fields, rather than on their organization forms. Thus, the debate around social entrepreneurship in the United States has been influenced by foundations like Ashoka, portraying social entrepreneurs as ‘modern times’ heroes’ and by consultancy firms focused on business methods and earned income strategies to be adopted by non-profits looking for more stable sources of funding. Also, business schools have and are contributing to facing challenges like alternative and stable revenue, management methods, evaluation and accountability strategies and others. These schools have also influenced European schools (Defourny & Nyssens, 2010).

In most Western European countries, third-sector organizations were already playing an important role in the provision of services before the Second World War and their role increased in the 1950s. In the late 1970s–early 1980s, structural unemployment, the need to reduce state budget deficits and for more active integration policies questioned the role of the third sector in meeting these challenges. The solutions given to these challenges varied among the European countries. Some of these different contextual developments are reflected on the various legal forms that social entrepreneurship has taken. Consequently, the concept of social entrepreneurship in Europe focusses on the way an organization is governed and what its purpose is, and not so much in the way profit is distributed (Defourny & Nyssens, 2010). The European emphasis on participation extends to the management of the social enterprise where usually governing bodies are made up of a diverse group of stakeholders that may include beneficiaries, employees, volunteers, public authorities, and donors, among others. This formal democratic management style is not a requirement of social enterprise in the United States (Defourny & Borzaga, 2001a; Kerlin, 2006).

In the Bismarck countries (Belgium, France, Germany, Austria, Luxembourg, the Netherlands, and Ireland), non-profit private organizations, mainly financed and regulated publicly play a significant role providing social services. During the 1980s, these states started implementing active labour policies, which aimed to integrate the unemployed into the labour market through professional training programmes, job subsidy programmes, etc. These programmes tried to encourage the creation of new jobs in industries where they could satisfy social needs, with the intention to reduce social spending and implemented by associations. This type of public structure promoted the trend towards a more entrepreneurial dynamic within the non-profit sector. In France

and Belgium, these dynamics were explicitly located inside the third sector, which was referred to as the ‘social economy’ (*économie sociale*) or the ‘solidarity economy’ (*économie solidaire*) (Defourny & Nyssens, 2010). Moreover, in some countries, like Germany, traditional third sector organizations have resisted the emergence of social enterprises and therefore, they have been developing in niches, mainly in new activities and by exploiting resources that are not specifically related to the production of social services (Defourny & Borzaga, 2001a). Habisch & Decker (2016) argue that because of the innovative structure of social entrepreneurship they mostly emerge in areas where innovation is missing.

In the Global South, the focus is set on creating small-scale businesses with the potential to lift the entrepreneurs out of poverty, on establishing social services in underserved areas or working with underserved populations (Casey, 2013). However, academic literature has largely focused on the Global North, perhaps due to the dominance of the idea that entrepreneurship in the Global South is necessity-driven and therefore conducted only for economic gain; and thus, judged as unproductive, labour-intensive, and inefficient, conducted by poorly educated and low-skilled entrepreneurs and at best, to contribute little to economic development and growth and at worst, to hinder it. Thus, the policy approach has been to eradicate such entrepreneurship and to instead focus upon promoting legitimate opportunity-driven entrepreneurship (Williams & Gurtoo, 2017). But, in fact, the ability of social enterprises to achieve both a social and financial return is relevant to the Global South, hence it can be used to attain sustainable solutions to a social problem, especially poverty and limited and of poor quality educational and health services (Rametse & Shah, 2012). Also, social entrepreneurship can provide business training and increase social mobility, enabling the growth of local economies. This has led to municipal community entrepreneurship as a form of social entrepreneurship encouraging participation of disadvantaged members of society, who in many cases are women (Ratten, Ferreira, & Fernandes, 2017). As governments are increasingly relying on non-profit organizations to help provide social welfare and institute development strategies, the intersection of the non-profit sector and social entrepreneurship promises to encourage more entrepreneurial, innovative, and sustainable development work (Stecker, Warnecke, & Bresnahan, 2017).

Concluding, usually, in societies where basic material and physical human needs are met, entrepreneurs place less emphasis on the economic value creation. However, a dilemma rises for policy in that social enterprises are frequently required when governments and markets are not optimally managing multidimensional social and ecological issues and challenges and therefore fulfil gaps, especially in materially focused societies (Hechavarria et al., 2017).

The relevance of this section is to underline the importance and influence of the context where social entrepreneurship is embedded, as well as the

corresponding social, economic, political, and legal structures. These structures are the foundations on which social entrepreneurship develops and which it often pursues to change.

2.2.5 *Contributions of Social Entrepreneurship*

After reviewing the different challenges that social entrepreneurship faces, it is important to underline the valuable contributions that the field can and is granting society. Following, I describe some of the most significant contributions.

2.2.5.1 Social Impact Per Se and its Potential

In general, the created social value and the aimed social change should be the most significant contribution that social entrepreneurship offers. Within this broad contribution, some detailed measurements show the real impact. For example, between 49% and 60% of the 400 Ashoka leading social entrepreneurs have changed national policy within five years of their start-up-stage election (Drayton, 2006). In this way, they contribute to the improvement of life conditions, the wellbeing of communities and the level of social integration (Defourny & Borzaga, 2001a). Economically, social enterprise is doing business differently, and showing considerable commercial resilience, so that it continues to outperform mainstream small and medium-sized enterprises (in turnover growth, innovation, business optimism, start-up rates, diversity in leadership and others) (Temple, 2017). Thus, social entrepreneurship is creating, maintaining, and using social capital, by developing solidarity, increasing trust, and facilitating citizens' engagement in the solution of social problems and networking. In general, social entrepreneurship enables transformation and systemic change, being accountable to society, not to private shareholders (Defourny & Borzaga, 2001a).

2.2.5.2 Reformation of the Welfare and The Public-Private-Third Sector Structures

Social enterprises could contribute to the reform of welfare systems because they initiate transformation, which support a development of the existing institutional structures (Schwarz, 2014). They can support state action through an innovative way; reintegrating the overall social services supply and supporting the public expense cost control as well as maintaining or improving the quality of social services and jobs (Defourny & Borzaga, 2001a; Perrini & Vurro, 2006). Moreover, social enterprises often blend their productive role with advocacy activities in favour of the same or other groups of users. Social enterprises are neither outside of the market, nor outside of the public system; rather,

they can use both rules of the market and the state, though not identifying themselves with either of them (Defourny & Borzaga, 2001a). Thus, they know how to operate at the link between private, public, and non-profit worlds, acting as facilitators between these. It is not about making the social sector more business-like, nor is it providing business a social integrity. Social entrepreneurship combines these two dimensions so that it creates social value in the most efficient, effective, and sustainable manner possible; involving both agency (using business strategies and tactics) and structure (cultural, political, legal, financial and other infrastructures) (Kickul & Lyons, 2016). Social enterprises are shifting the emphasis from charitable relief to new, more systemic ways of improving social conditions, reducing the charitable assistance rather than simply meeting the need; engaging people in and allowing them to take responsibility for improving their lives (Dees et al., 2001). Moreover, shifting towards a more entrepreneurial culture can improve the quality of programmes by making them more consumer- or beneficiary-oriented as well as efficient and effective; and it might help attract and retain employees and donors (Kerlin, 2013). Additionally, they are sometimes able to move around politics, avoiding the most debilitating aspects of political power struggle (Kickul & Lyons, 2016). Also, foundations are enhancing a democratic governance; and many co-operatives are rediscovering the primacy of social objectives (Defourny & Borzaga, 2001a).

2.2.5.3 Increase the Demand for the Services and Products Offered by Social Enterprises and Fill Supply Gaps

The demand for social entrepreneurial programmes and services usually exceed the capacity of the social enterprises to serve these needs. Initial success often leads to increased demand for the social enterprise's programmes, products, or services, or even requests to scale or duplicate the organization (Austin et al., 2006). Additionally, social entrepreneurship fills supply gaps that are not being satisfied either by the state or by the for-profit enterprises (Schwarz, 2014). Evidence shows that social enterprises are more sensitive and responsive to social market needs; so that they systematically identify and respond to such needs before the mainstream enterprises meets them. Thus, social enterprises are obliged to innovate as a usual part of their activities (Huysentruyt, 2014).

2.2.5.4 Innovation

In terms of innovation, it is known that social and solidarity economy enterprises have a great capability to innovate in what they do and how they do it, in response to the social needs of the context in which they function (Borzaga, Salvatori, & Bodini, 2017). The SELUSI project's results show that 88% of the social ventures they interviewed had introduced at least one new or

significantly improved process, service, or product in the past year. Social enterprises outperform comparable mainstream businesses or public-sector organizations when it comes to launching radical innovations, 65% of which have a significant service component. Also, they are opening new markets at a much higher rate than mainstream entrepreneurial start-ups. These types of enterprises act collaboratively regarding innovation, compared to for-profit companies; both in terms of having contributed to the development of another organization's innovation (90%), and having worked with others in developing new products, services, or processes at their organizations (78%), for both female- and male-run social ventures (Huysentruyt, 2014).

2.2.5.5 Growth and Job Creation

Regarding economic factors, growth is one important contribution of social entrepreneurship. Recent trends show that social and solidarity economy enterprises have exhibited significant growth even through phases of economic recession and they have also the ability to expand in new sectors based on the needs of their communities and society (Borzaga et al., 2017). The establishment of new social and community care services can help to create a more stable local source of employment (Defourny & Borzaga, 2001a). The important role of the social and solidarity economy in preserving employment is reinforced by its anti-cyclical nature, as evidenced by their resiliency in times of economic crisis. This resiliency might be due to their pursuit to provide a service to their members instead of making profit. During an economic crisis they will tend to maintain or increase their level of activity, even if this means decreasing their margins or even running a deficit (Borzaga et al., 2017). In general, research shows that social enterprises are effective at creating crisis-resistant employment opportunities and economic growth, and at growing 'social capital'. Additionally, the type of jobs created by social enterprises have distinctive positive features, as they normally remain local, they support vulnerable groups, and they contribute to the local economic development, like for example by generating opportunities in vulnerable urban areas or isolated rural areas (Usher Shrair, 2015). Moreover, social, and social economy organizations seem appropriate to provide an employment infrastructure also for jobs emerging in sectors highly fragmented. They usually adopt organizational forms that are more flexible and decentralized by turning to networked collaboration models based on a sharing culture relative to shareholder companies (Borzaga et al., 2017). Evidence shows that it can be estimated that the social economy in Europe (the aggregate of cooperatives, mutual, associations and foundations) employs over 14.5 million paid workers, which are about 6.5% of the working population of the EU-27 and about 7.4% in EU-15 countries. The social economy has increased more than proportionately between 2002 and 2010, expanding from 6% to 6.5% of total European paid employment and from 11 million to 14.5 million jobs. Indeed, this growth is not limited to

Europe but is actually becoming stronger around the world (Borzaga, Salvatori, Bodini, & Galera, 2013).

This research includes three broad concepts. Previously, I discussed entrepreneurship and social entrepreneurship. In the next chapter, therefore, I discuss the intersection of gender with social entrepreneurship. Gender as a concept is complex and has been developing in the academic field for many years. The following chapter has no intend to recapitulate this. Therefore, I define gender for the means of this research, mainly regarding entrepreneurship, and I discuss these intersections regarding challenges and future proposals.

2.2.6 Challenges of Social Entrepreneurship

Scholars have identified some challenges that the different forms of social entrepreneurship are facing. However, not even academics agree on these challenges. While non-profits and NGOs have incorporated greater levels of earned income into their revenue-generating strategies, they have increasingly struggled with finding the right balance between their social mission and commercial goals (Kerlin, 2013). Some of these challenges can be categorized into those which are ‘external’ and those which are ‘internal’ to social entrepreneurship.

2.2.6.1 Internal Challenges for Social Entrepreneurship

The European Commission (2015) states some internal challenges for social entrepreneurship in Europe: the lack of viable business models, a high reliance on public sector as a source of revenue, a lack of entrepreneurial spirit and finally a lack of managerial and professional skills and competencies necessary for scaling-up. Following some further relevant internal challenges for social entrepreneurship in general.

2.2.6.1.1 Measuring Social Change and Value

The challenge of measuring social change is great due to non-quantifiability, multi-causality, temporal dimensions, and perceptive differences of the social impact (Austin et al., 2006). Even when improvements can be measured, it is often hard to attribute them to a specific intervention. And yet, when improvements can be measured and causally related to an implemented intervention, it is problematic to capture the created value economically. Mostly, social entrepreneurs rely on subsidies, donations, and volunteers, so, they need to proof their impact to these stakeholders (Dees, 1998). Common terms referring to the social impact are double bottom line, triple bottom line, blended value, and social return on investment, cost-effective analysis, cost-benefit analysis, RDSF’s Social Return on Investment (SROI). However, there are no universal measures of social or environmental impact. Most social ventures must identify

their own non-financial metrics of success based on mission, industry, and ideal impact (Neck et al., 2009). The actual problem may not be the measurement itself, but how these measures may be used to ‘quantify’ the performance and impact of social entrepreneurship (Mair & Martí, 2004; Steyaert & Hjorth, 2007).

2.2.6.1.2 Focusing on Commercial Goals at the Expense of Social Goals

Mission drift is a term used when non-profits focus on their commercial goals at the expense of their social goals. Some scholars propose it represents such a significant threat to a non-profit engaged in unrelated business activities that they should avoid these activities altogether. Other authors note that the commercial activities are only one of many ways to a mission drift. However, there are many that believe that this market orientation of non-profits will put civil society at risk, as a focus on financial bottom line may lead organizations to abandon less efficient practices that strengthen social capital, relying less on traditional stakeholders and networks; shifting from board members connected to the community to those connected to business. When an organization operates a business in a non-profit context it creates values and expectations that are at times in opposition to one another, such as cause-driven versus profit-driven purposes, collaborative versus competitive relationships, loose versus clear boundaries with beneficiaries or consumers, and free versus full-cost products and services. Vulnerable groups may be excluded when profit-making activities interfere on the non-profit’s mission, or when these activities become preferred over mission-related programmes because they are more profitable. Moreover, evidence shows that non-profits involved in commercial activities grow increasingly focused on meeting the needs of individual clients rather than on providing public goods to the communities in which they work (Kerlin, 2013).

2.2.6.1.3 Few Financial Resources

Social entrepreneurship requires financial and human resources; however, they are often confronted with restrictions as they usually face limited access to talent; fewer financial institutions, instruments, and resources; unrestricted funding and inherent strategic rigid structures, which obstruct their capacity to mobilize resources to achieve their goals. Social entrepreneurs are rarely able to pay market rates and are usually not able to offer other incentives such as stock options. Besides, social enterprises often rely on volunteers. To avoid such barriers, they sometimes choose a for-profit organizational form to increase their ability to access commercial capital markets and to pay competitive wages. Additionally, institutional breadth, flexibility and specialization do not exist to the same extent in the philanthropic markets as in the commercial ones. Social entrepreneurs have far fewer channels for accessing unrestricted sources of capital and must rely on donors and grants since they rarely become

financially independent, even with earned-income activities. Finally, they cannot change products or markets because the capacity to motivate and attract people and funding is tied to the specific social mission (Austin et al., 2006).

2.2.6.1.4 Resisting the Demand for Growth and Short-Term Strategies

Social entrepreneurs are faced with the challenge to resist the strong demand for growth, and to be more careful about planning a long-term impact strategy. In some cases, growth may not be the best approach to achieve the organization's goals or to have the highest social impact. Growth as a goal per se can waste organizational resources and can reduce its overall impact and it might lead towards isomorphism (the tendency to develop into organizational forms that are better defined, legally stronger and socially more acceptable while being unable to keep and develop the most innovative features). In other cases, institutional growth may be the best path to optimizing social impact. The inability to grow beyond a certain threshold may delay their capacity to respond successfully to bigger challenges and build their reputation externally (Austin et al., 2006; Defourny & Borzaga, 2001a).

2.2.6.1.5 High Governance Costs and Complexity of Stakeholders

The apparent advantage of involving various categories of stakeholders in the production and in the decision-making processes, turns out to be an element of inefficiency when conflicting interests limit the capacity of reacting quickly to a changing environment (Defourny & Borzaga, 2001a), and an adequate communication is a great challenge (Zeiss Stange et al., 2013).

2.2.6.1.6 Problematic with Work-Life Balance and Self-Exploitation

The results of Dempsey & Sanders (2010) illustrate that, although popular representations of social entrepreneurship offer a vision of meaningful work, they still celebrate a problematic vision of work-life balance based on extreme self-sacrifice and the prioritization of organizational commitment at the expense of health, family, and other aspects of social life. Spreading these types of representations helps naturalize and justify a dependence on unpaid labour and the payment of survival wages within the non-profit sector.

2.2.6.2 External Challenges for Social Entrepreneurship

With regards to external challenges, the European Commission (2015) has listed some important challenges as well for social entrepreneurship in Europe. These include a poor understanding of the concept of social enterprise, a lack of supportive policy and legislative framework, a lack of specialist business development services and support, difficulties in accessing markets and finance from external sources, absence of common mechanisms for measuring

and demonstrating social impact and the general economic environment. Following I describe some other pertinent external challenges.

2.2.6.2.1 Market Rules Apply Less to Social Entrepreneurs

There are two ways the market does not apply to social entrepreneurship as it does to commercial one. On the one hand, it does not reward entrepreneurs for superior performance as in commercial entrepreneurship, yet inferior performance does not get punished as in commercial businesses (Austin et al., 2006). On the other hand, markets do not value social improvements, public goods and harms, and benefits for people who cannot afford to pay. As a result, it is much harder to determine whether a social entrepreneur is creating sufficient social value to justify the resources used in creating it, so that the survival or growth of a social enterprise is not a direct consequence of its efficiency in improving social conditions; and it actually depends on who is paying the fees or providing the resources, what their motivations are, and how well they can assess the social value created by the venture (Dees, 1998).

2.2.6.2.2 Little Awareness of the Role of Social Entrepreneurship in Society

There is a generalized belief in most European countries that for-profit organizations together with active public policies can efficiently solve all social problems and satisfy overall demand for social and community care services, which leads to an underestimation of the potential role of the third sector and of social enterprises, perceiving them as unnecessary or, at most, transitional solutions. In Germany for example, such a negative attitude is relatively strong, as a very traditional perception of the enterprise is the norm. In this context, social enterprises are looked at with mistrust (Defourny & Borzaga, 2001a). Social enterprise is a niche phenomenon in statistical terms, so that globally on average only 3.2% of people aged 18-64 are involved in social entrepreneurial activity as a nascent entrepreneur or manager-owner of a new business (Bosma, Schott, Terjesen, & Kew, 2015). Thus, it cannot be assumed that social enterprise alone can address all inequalities; rather, it is important to find ways to effectively influence and complement these types of interventions with new solutions for the most complex social problems (Huysentruyt, 2014).

2.2.6.2.3 Need for a New Social Financial System

Social enterprises urgently need a new social financial services system. The rigid structures of governments or foundations do not allow them to value new ideas coming from social entrepreneurs, and their employees and leaders are limited to internal strategies that only allow them a specialist lateral career path. This will require much more time and resources for such an employer to implement a new idea, compared to implementing traditional ones. These rigid structures also keep them from accurately identifying and serving potential

clients; and, because they do not have to compete with anyone, they do not reward high performing citizen groups or close or merge poorly run ones. In social entrepreneurship, the need of medium- and long-term investments is substantial, as they often need time to test and improve an idea, learn how to market it, cause other organizations to change and then build an organization and movement. However, almost all governments and foundations only provide a one-year funding. Thus, society's resources are, consequently, assigned inadequately (Drayton, 2006).

2.2.6.2.4 Lack or Inadequacy of Legal Forms Suitable for Social Enterprises

In most European countries, social entrepreneurs face the lack, or the inadequacy, of legal forms appropriate for social enterprises. This limits the flexibility and the possibility of reproducing social enterprises. At the same time, a legal framework that does not consider all the characteristics of these enterprises can facilitate the tendency towards isomorphism and can hinder their activities as well as the possibility of taking part in tenders, of entering contractual and partnerships and of generating or obtaining human and financial resources. Lastly, the development of social enterprises is also limited by a lack of access to industrial policies, which are intended to promote new enterprises, and to public funding for innovative social services (Defourny & Borzaga, 2001a).

2.2.6.2.5 Social Entrepreneurship Discourse May Avoid or Supplant Deliberative Political Practices

According to Cho (2006) the pursuit of subjective and social values requires public deliberation, dialogue, and negotiation and in this way, the discourse of social entrepreneurship may avoid or replace valuable political practices. Social entrepreneurship includes the idea of revealing and confronting the underlying causes of social problems and not focussing on the 'symptoms'. However, for the author this affirmation is often inaccurate, as in many cases the problems are rooted in politics, and not in market failure, and social enterprises mobilize commercial resources and address specific gaps instead of addressing the political root causes, ignoring political processes, and favouring subject-centred and sometimes market-oriented approaches. The important task of identifying and solving social problems should be based on the autonomy of civil society to participate in intensive and critical evaluation of the system, to be able to integrate information in a holistic way, evaluate and act collectively. The proposition is conceptualizing social entrepreneurship as complementary to democratic processes of governance and deliberation and approaching the public sector as a potential partner rather than competition, avoiding the isolation from other key actors and thus cooperating with and supporting them.