AN ELUSIVE CONCEPT: THE PROBLEM OF DEFINING SOCIAL ENTREPRENEURSHIP

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Nashchekina O. M., Tymoshenko I. V., Nwafor F. An Elusive Concept: The Problem of Defining Social Entrepreneurship

Interest in social entrepreneurship has been growing over the last two decades among both practitioners and academics. However, despite the numerous studies and a large body of literature on social entrepreneurship, the concept remains fuzzy and open to different interpretations. One of the reasons why the concept eludes the grasp is that social entrepreneurship is a multidimensional phenomenon, which can take a great variety of forms. The purpose of this paper is to review the approaches to defining social entrepreneurship, to show the major challenges in drawing the boundaries between social and commercial entrepreneurship as well as between social entrepreneurship and other types of social activities, to identify relevant dimensions for differentiation. Having analyzed different definitions of social entrepreneurship, we have identified eight dimensions of this phenomenon. We have shown that within most of these dimensions the characteristics of social entrepreneurial activities can change along a continuum. The points of contention among researchers of social entrepreneurship are related to the boundaries within which these characteristics can be varied without compromising the social entrepreneurial status of an activity. The proposed dimensions might provide additional insight into the phenomenon of social entrepreneurship, help identify different forms of social entrepreneurship and systematize the results of empirical studies. The list of dimensions is not exhaustive, and as empirical evidence accumulates and new types of social entrepreneurship appear, new dimensions can be added.

Keywords: entrepreneurship, social entrepreneurship, social entrepreneur, social enterprise, social value, sustainability.

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Nashchekina O. N., Tymoshchenkov I. V., Nwafor F. Неуловимое понятие: проблема определения социального предпринимательства

В течение последних двух десятилетий интерес к социальному предпринимательству постоянно растет со стороны как практиков, так и научного сообщества. Однако, несмотря на многочисленные исследования и большое количество публикаций по вопросам социального предпринимательства, данное понятие остается нечетко определенным и может интерпретироваться по-разному. Одной из причин отсутствия однозначного определения социального предпринимательства является его многомерность. Целью данной статьи является обзор подходов к определению социального предпринимательства, выявление проблем, связанных с разграничением понятий socialного и коммерческого предпринимательства, социального предпринимательства и других видов социально ориентированной деятельности, и определение признаков (аспектов), по которым может производиться дифференциация этих понятий. Анализ различных определений социального предпринимательства позволил выявить во всем аспектов этого явления. Было показано, что практически каждому из этих аспектов соответствует континуум, внутри которого характеристики социально предпринимательской деятельности могут изменяться. Разнообразие в среде исследователей связано с определением границ, в которых могут варьироваться характеристики и формы социального предпринимательства позволяют выявить восемь аспектов этого явления. Было показано, что практически каждому из этих аспектов соответствует континуум, внутри которого характеристики социально предпринимательской деятельности могут изменяться. Разнообразие в среде исследователей связано с определением границ, в которых могут варьироваться характеристики и формы социального предпринимательства и за пределами которых деятельность уже не может рассматриваться как социально-предпринимательская. Выявленные аспекты социального предпринимательства позволяют глубже понять сущность этого явления, идентифицировать различные формы социального предпринимательства и систематизировать результаты эмпирических исследований. Список аспектов не является исчерпывающим, и по мере
The term “social entrepreneurship” (SE) was introduced in the 80s by Bill Drayton, the founder of Ashoka – an international organization promoting SE, and, since that time, it has been gaining more and more popularity. It has not become a buzzword yet, like corporate social responsibility, but nevertheless one can encounter the term very frequently both in academic and business literature. What accounts for this constantly rising interest in the phenomenon?

The accumulating social problems in society call for a new approach to their solution – entrepreneurial instead of bureaucratic. SE emerges in response to the inability of the state to solve social problems due to the lack of resources combined with inefficiency and ineffectiveness of cumbersome bureaucratic structures. In contrast to the state, social entrepreneurs possess innovativeness, creativity and, what is probably the most important thing, passion to solve social problems. The role of social entrepreneurs in society was recognized by the Nobel Committee who awarded the 2006 Nobel Peace Prize to Muhammad Yunus, a Bangladeshi social entrepreneur, and his Grameen Bank project providing microcredit to the poor for self-employment.

Despite the large body of literature on SE, the concept itself remains fuzzy and open to different interpretations. The need for a clear common definition is mentioned in many publications on SE, e. g. [1–5], just to name a few.

Defining the term is important both from the theoretical and practical points of view. One can hardly study a phenomenon without understanding its boundaries. As Martin et al. [1] put it, “Failing to identify boundaries would leave the term social entrepreneurship so wide open as to be essentially meaningless”. A vague definition of SE prevents researchers from differentiating it from other social and economic activities, gathering statisticcal data on the phenomenon and studying its dynamics. Besides, Perea et al. [3] point out practical reasons for having clearer definition of SE, specifically, 1) SE might require different assessment standards as compared with traditional entrepreneurship; 2) if SE is a promising instrument for tackling social problems, it should be supported by government policies and legislation; 3) the mix of skills required by SE may differ from that of traditional entrepreneurs.

One of the reasons why the concept eludes the grasp is that SE is a multidimensional phenomenon, which can take a great variety of forms. In particular, the fact that SE represents a continuum of activities that generate simultaneously economic and social value but in different proportions explains why there is no good definition for SE: “because it does not sit neatly in the box, it sits across the spectrum” [6]. Another reason is that there are other types of activities aimed at solving social problems, which can be taken for SE but essentially they are not. In particular, Abu-Saifan [2] points out that social entrepreneurs should be differentiated from philanthropists, social activists, environmentalists, and other socially-oriented practitioners.

The increasingly blurring boundaries between non-profit and for-profit sectors [7], the growing awareness of the importance of sustainable development and adoption of socially responsible practices further complicate the task of defining SE.

As a result, according to Masetti [5], “to date, most of the efforts at differentiation (between social and commercial entrepreneurship) have done more to confuse the issues rather than clarify them”.

There are two types of risk related to defining such an elusive term as SE. The first risk is associated with treating the term too narrowly and thus not including...
For strangers to the field the term “social entrepreneurship” may sound as an oxymoron. It is usually believed that entrepreneurship is associated with the market mechanism and aims at taking advantage of market opportunities with the goal of earning profits. In contrast, the word “social” is usually associated with problems that cannot be solved through the market mechanism and imply expenditures without any prospect of earning profits. It is the state and charitable organizations that are usually expected to tackle social problems. So, how can these two words, in a way opposites, be reconciled within a single term?

To answer this question, first we need to elucidate the essence of entrepreneurship. For this purpose we will look at this phenomenon from three perspectives. The first perspective concerns the outcomes of entrepreneurial activities and thus entrepreneurs’ role or function in an economy. The second one describes the major drivers of entrepreneurial activities including internal motives and external factors. The third perspective is related to personal traits of entrepreneurs as of a special species of economic actors.

Let us start with the first perspective, i.e. the function of entrepreneurs in an economy. According to J.-B. Say, a French economist of 18–19th centuries, “the entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield” [8]. In other words entrepreneurs find the ways of more efficient use of scarce resources, pushing the production possibilities frontier outward.

Another major contributor to the theory of entrepreneurship J. Schumpeter focuses on the role of entrepreneurs in economic development. For Schumpeter, development is “a distinct phenomenon, entirely foreign to what may be observed... the tendency toward equilibrium. It is spontaneous and discontinuous change in the channels of the flow, disturbance of equilibrium, which forever alters and displaces the equilibrium state previously existing” [9]. Schumpeter points out that the fundamental phenomenon of economic development is the emergence of new combinations of means of production (innovations), which disrupt the equilibrium, and the individuals who carry the new combinations out are entrepreneurs [9]. Thus, entrepreneurs are viewed as equilibrium disruptors. Specifically, Schumpeter sees the function of entrepreneurs in reforming or revolutionizing “the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on” [10].

In a similar vein, Martin et al. [1] contend that “the entrepreneur engineers a permanent shift from a lower-quality equilibrium to a higher-quality one”, which “provides a meaningfully higher level of satisfaction for the participants in the system”. Likewise Drucker expects from entrepreneurs “to create new and different values and new and different satisfactions, to convert a “material” into a “resource,” or to combine existing resources in a new and more productive configuration” [8]. Thus, the concept of innovation is central to entrepreneurship. According to Drucker, “entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation” [8]. He does not consider every newly launched business as entrepreneurial – some new businesses can be rather trivial and just imitate what already exists.

Now let us approach the phenomenon of entrepreneurship from another perspective, which is related to the internal and external drivers of entrepreneurial behavior. What makes entrepreneurs act and contribute to economic development? Despite the frequently cited purely rational motive behind entrepreneurial activities, i.e. earning profits, the entrepreneurs actually are driven by a wide variety of motives. Schumpeter provides a description of possible motives, many of which lie outside the realm of the rational economic behavior: “First of all there is the dream and the will to found a private kingdom... Then there is a will to conquer: the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruits of success, but of success itself... The financial result is a secondary consideration, or at all events, mainly valued as an index of success and a symptom of victory. Finally, there is the joy of creating, of getting things done, or simply of exercising one’s energy and ingenuity” [9]. Let us note though that when traditional entrepreneurs are compared with social entrepreneurs, the rational profit-maximizing motives are emphasized in the case of the former, and nonpecuniary ones in the case of the latter.

Successful entrepreneurs, according to Drucker, “whatever their individual motivation – be it money, power, curiosity, or the desire for fame and recognition – try to create value and to make a contribution” [8]. That is what distinguishes entrepreneurs from other economic actors, e.g. managers, investors, capitalists etc.

As far as the external drivers of entrepreneurial endeavors are concerned, these are the opportunities that entrepreneurs are responsive to. Drucker identifies the
Talking about economic problems we usually use the concept of efficiency, talking about social problems we often refer to fairness and justice. Producing social value is associated with improving the quality of livelihood, enhancing social protection of disadvantaged and less privileged members of society, bringing about greater social justice.

In many cases social problems cannot be solved through the market mechanism, because recipients of social services do not possess enough purchasing power to make production of those services lucrative from the point of view of financial gain. Where the market fails the state should come into scene and assume responsibility for dealing with social issues. However, for a number of reasons the state fails to deal with social problems effectively. The lack of financial resources is just one of the impediments. Others include ineffective governance, cumbersome bureaucratic procedures and other factors limiting freedom and initiative of decision makers, and, what is most important, the lack of innovativeness and vigor on the part of government employees and public sector workers. In contrast to them social entrepreneurs are not constrained by a rigid bureaucratic mechanism in their activities, they use an entrepreneurial approach to tackling social problems, i.e. actively seek for opportunities, employ innovations, they are persistent, creative and resourceful in producing social change. And this is what actually makes a social entrepreneur an entrepreneur.

The task of defining SE is to a great extent connected with the need to distinguish between social and traditional entrepreneurs. In the literature on SE social entrepreneurs are often compared with entrepreneurs, implying that the latter aim at profits. Indeed, entrepreneurship is often perceived as a business activity. However, Drucker does not associate entrepreneurship with business solely, he believes that entrepreneurs may be found in different sectors, including education, healthcare, public-service institutions [8]. Thus, for the sake of clarity it makes sense to compare social entrepreneurs with commercial ones, rather than with entrepreneurs in general.

Many authors have attempted to identify the differences between commercial and social entrepreneurship [1; 11–15], although due to the blurring of the sector boundaries it is not an easy task [7].

In the literature one can find a lot of definitions of SE. In Table 1, we show how different authors define this phenomenon. Most definitions are broad enough and that is why generally accepted. Sharma contends that “broad definitions of concepts are preferable to narrow definitions at this stage in the (SE) field’s development because they are less likely to exclude as-yet-unspecified problems, issues, or organizations that are potentially important or interesting...” [16]. Taking into account that SE is an umbrella term, which covers a wide range of different manifestations of the phenomenon, a broad definition unifies the field.

Why are personal characteristics important for defining entrepreneurship? Martin et al. believe that the reason that the entrepreneur sees an opportunity for innovation where others see just an inconvenience to be tolerated is determined by the unique set of personal characteristics he or she brings to the situation – inspiration, creativity, direct action, courage, and fortitude. These characteristics are fundamental to the process of innovation. The entrepreneur is inspired to alter the unpleasant equilibrium” [1].

To understand the phenomenon of entrepreneurship, we need to combine all three perspectives because “entrepreneurship describes the combination of a context in which an opportunity is situated, a set of personal characteristics required to identify and pursue this opportunity, and the creation of a particular outcome” [1]. Thus, entrepreneurship as a socio-economic phenomenon can occur when the environment offers opportunities which economic actors can recognize and exploit, when economic actors possess necessary characteristics and motives to exploit those opportunities, when they obtain the positive outcome, bringing about the desired change.

Now let us turn to SE as a special case of entrepreneurship. It is clear from the very name of the term that SE is about solving social problems in an entrepreneurial manner. As Dees, puts it, SE “combines the passion of a social mission with an image of business-like discipline, innovation, and determination...” [11].

The first and foremost attribute of SE is that it aims at solving social problems, generating social change or creating social value. There is no universal definition of social problems, although there is some shared understanding of the nature of those problems. They are usually related to poverty, education, healthcare, discrimination, crime, environmental problems, lack of infrastructure etc.
### Table 1: Definitions of social entrepreneurship and social entrepreneurs

<table>
<thead>
<tr>
<th>Author/Source</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>G. Dees [11]</td>
<td>“Social entrepreneurs play the role of change agents in the social sector, by: – adopting a mission to create and sustain social value (not just private 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; – exhibiting heightened accountability to the constituencies served and for the outcomes created”</td>
</tr>
<tr>
<td>Ashoka [17]</td>
<td>“Social entrepreneurs are individuals with innovative solutions to society's most pressing social, cultural, and environmental challenges. They are ambitious and persistent – tackling major issues and offering new ideas for systems-level change. They create value, whether through a social sector organization or a business, that sustains and spreads their solution”</td>
</tr>
<tr>
<td>S. Zahra et al [18]</td>
<td>“Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner”</td>
</tr>
<tr>
<td>J. Mair et al [19]</td>
<td>Social entrepreneurship is “a practice that integrates economic and social value creation”. Social entrepreneurship “is a process of creating value by combining resources in new ways... intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs... involves the offering of services and products but can also refer to the creation of new organizations”</td>
</tr>
<tr>
<td>A. Fowler [20]</td>
<td>“Social entrepreneurship is the creation of viable socio-economic structures, relations, institutions, organizations and practices that yield and sustain social benefits”</td>
</tr>
<tr>
<td>R. Martin et al. [1]</td>
<td>“Social entrepreneurship has the following three components: 1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; 2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; 3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large”</td>
</tr>
<tr>
<td>A. Peredo et al. [3]</td>
<td>“Social entrepreneurship is exercised where some person or persons: 1) aim either exclusively or in some prominent way to create social value of some kind, and pursue that goal through some combination; 2) recognizing and exploiting opportunities to create this value; 3) employing innovation; 4) tolerating risk; 5) declining to accept limitations in available resources”</td>
</tr>
<tr>
<td>M. Tasavori et al. [21]</td>
<td>SE refers to “embracing social mission (solving a social problem and offering solutions for the unmet needs of the disadvantaged groups) as the primary mission, employing entrepreneurial activities to achieve the mission and creating social value”</td>
</tr>
<tr>
<td>G. Sullivan Mort et al. [22]</td>
<td>“Social entrepreneurs are first driven by the social mission of creating better social value than their competitors which results in them exhibiting entrepreneurially virtuous behavior. Secondly, they exhibit a balanced judgment, a coherent unity of purpose and action in the face of complexity. Thirdly, social entrepreneurs explore and recognize opportunities to create better social value for their clients. Finally, social entrepreneurs display innovativeness, proactiveness and risk-taking propensity in their key decision making”</td>
</tr>
<tr>
<td>A. Nicholls [23]</td>
<td>Social entrepreneurship represents “innovative and effective activities that focus strategically on resolving social market failures and creating new opportunities to add social value systemically by using a range of resources and organizational formats to maximize social impact and bring about change”</td>
</tr>
<tr>
<td>S. Bacq et al. [24]</td>
<td>Social entrepreneurship is “the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources”</td>
</tr>
</tbody>
</table>
Sometimes authors find it more relevant to define social entrepreneurs as change agents, focusing on their behavior and characteristics.

Normally there is little disagreement on broad definitions. The points of contention arise when it comes to discussing specific dimensions of SE and specific forms of social enterprises which represent a practical implementation of social entrepreneurial ideas or, as Michelini calls it, “the tangible outcome of social entrepreneurship” [25], and which will be identified and discussed below.

Let us note at the outset that the dimensions of SE are not independent, on the contrary they are closely interconnected and/or follow from one another.

The first dimension of SE is related to the combination of social and economic values generated by social entrepreneurial activities. As was mentioned above, the distinctive feature of SE in comparison with purely commercial entrepreneurship is that it produces social value, and all definitions in Table 1 mention the creation of social value (social wealth) as a defining characteristic. However, both the definitions in Table 1 and the analysis of the extant literature on SE show that there is no agreement among authors as to the exclusivity and even the dominance of social goals. Some authors [11; 17; 20] implicitly assume the coexistence of social and economic goals, while Mair et al. [19] and Bacq et al. [24] are explicit about the integration of economic and social value.

Peredo et al. [3] believe that the exclusivity of social goals is not obligatory and point out the difficulty in identifying motivation behind certain social activity. They suggest a continuum consisting of five forms of SE which differ in the relative weight of social goals in the goal mix (from exclusive to subordinate to economic ones). At the same time Tasavori et al. [21] and Sullivan Mort et al. [22] identify achieving social mission as the primary purpose of SE. Some authors who subscribe to this point of view consider that organizations characterized by the primacy of economic goals but producing simultaneously social value can be called socially responsible but not social entrepreneurial [26].

In our opinion, the priority of social mission is mandatory for social enterprises. Thus, social enterprises might combine social and economic goals in different proportions but without allowing the latter to dominate. The requirement of dominance (not exclusivity) of social goals represents a compromise between two extremes – when social mission totally overshadows economic considerations and when the main focus is on economic value while social value is of peripheral interest. In the latter case it will be impossible to differentiate between socially responsible organizations and social entrepreneurial ventures.

The second dimension is closely connected with the first one and concerns the motives and drivers behind social entrepreneurial activities. It is often assumed that social entrepreneurs are passionate individuals driven by social missions in contrast to commercial entrepreneurs whose primary goal is financial gain as they serve markets less constrained from the point of view of purchasing power. However, such a simplistic or rather idealistic view is challenged by Boluk et al. [27], whose empirical study of motivations of social entrepreneurs showed that for some social entrepreneurs profits are also important. This additional motivation is not necessarily bad because interest in financial gain may lead to a greater financial sustainability of social enterprises. Thus, the study contributes to more holistic understanding of SE.

The third dimension is related to opportunities pursued by social entrepreneurs. “Opportunities” is one of the key words used when defining or describing SE, as is seen in Table 1. That is why it is important to understand the nature and attributes of opportunities that can be explored and exploited by social entrepreneurs. Austin et al. [12] and Nicholls [23] point out the role of market failure in creating the opportunities for social and commercial entrepreneurs. Market failure, by definition, is seen as an impediment for commercial entrepreneurship because the market mechanism, which is essential for commercial entrepreneurship, cannot be used. However, as market failures often give rise to social problems, they create opportunities for SE. Nicholls [23] provides a classification of market failures which can be addressed by social entrepreneurs.

At the same time, as will be discussed below, since social enterprises can be for-profit ventures, social entrepreneurs can exploit market opportunities too, but they usually choose markets with a low purchasing power.

Mair [28] contends that “the opportunity space for social entrepreneurship is defined by the local social, economic and political arrangement” and the manifestation of SE will be different in different contexts. She identifies three types of contexts: 1) the liberal economy, where economic and social justice is best shaped and maintained through the market mechanism (e.g. the United States economy); 2) the cooperative economy, where an important role in wealth redistribution is played by the state (e.g. European economies), and 3) the informal economy, where affiliation to social groups determines the creation and distribution of wealth and justice (e.g. India, Latin American and Asian countries) [28].

Zahra et al. [18] identify such attributes of social opportunities as 1) pervasiveness of needs in a society, 2) relevancy of the opportunity to the entrepreneur and his/her background, values, skills, and resources, 3) social urgency or the need for a quick response; 4) accessibility to others (e.g. traditional welfare providers), and 5) radicalness of solution sought. They also argue that opportunities for commercial entrepreneurs may lack some of these attributes (pervasiveness, social urgency, accessibility to others, and radicalness of solution). However,
the authors themselves admit that the definition of social opportunities remains largely vague.

The fourth dimension is related to the significance, scale and innovativeness of the social outcome produced. Social entrepreneurs are expected not just to produce social value but to make it sustainable and/or generate social change [11, 17, 19]. Defining SE, Martin et al. [1] extend the idea of equilibrium disruption, which is frequently used for describing the essence of entrepreneurship, to SE (Table 1). While such definition is quite good for theoretical purposes, it can hardly be applied practically because it requires the operationalization of the concept of equilibrium. Besides, the definition is rather demanding to social entrepreneurs who are expected not just create social value but to forge a better equilibrium. Thus, this definition significantly reduces the number of those who could be regarded social entrepreneurs. In contrast, Peredo et al. call for avoiding normative characteristics in definitions of SE. In particular, they propose to “allow for social entrepreneurs who may be unsuccessful, inconsistent, and otherwise less than exemplary” [3].

In any case, social entrepreneurs are expected to come up with innovative solutions to the persisting social problems. Analyzing then existing definitions of SE, Austin et al. conclude that “common across all definitions of social entrepreneurship is the fact ... that the activity is characterized by innovation, or the creation of something new rather than simply the replication of existing enterprises or practices” [12].

As far as scalability of a social change demanded by some authors is concerned, not all social entrepreneurs produce “systems-level changes” [17] or offer solutions that can be replicated on a large, potentially global, scale.

Zahra et al. [29] identify different types of social entrepreneurs depending on specific social problems they address and the scale of their impact. The first type of social entrepreneurs (Social Bricoleurs) address local social needs, they are small scale, local in scope, often episodic in nature. Due to atomistic actions of such local social entrepreneurs, the society moves closer to a theoretical “social equilibrium.” The second variety of social entrepreneurs (Social Constructionists) “build and operate alternative structures to provide goods and services addressing social needs that governments, agencies, and businesses cannot. They can be small to large scale, local to international in scope, and are capable of creating new “social equilibria.” The third type of social entrepreneurs (Social Engineers) create “newer, more effective social systems designed to replace existing ones when they are ill-suited to address significant social needs.” They destroy the existing social equilibrium and replace it with a more socially efficient one. Thus, as is seen, there is a spectrum of possible outcomes in terms of the effect on the existing equilibrium, which makes it possible to extend the title of social entrepreneur to those who produce changes on a local scale and do not challenge the existing equilibrium.

The fifth dimension is related to the personal traits of social entrepreneurs. In principle they are largely coincide with those exhibited by commercial ones (innovativeness in the first place), although Dees [11] mentions heightened accountability to the constituencies as a defining characteristic of social entrepreneurs.

Some attempts have been made to differentiate the characteristics of social and traditional entrepreneurs. For example, Abu-Saifan [2] identifies three sets of characteristics: 1) unique for traditional (profit-oriented) entrepreneurs, 2) unique for social entrepreneurs, 3) common for both types of entrepreneurs. Some characteristics he attributes to social entrepreneurs only (e.g. emotionally charged, highly accountable, socially alert) are indeed more relevant for them, whereas other characteristics (e.g. change agent, visionary, manager) can be extended, in our opinion, to profit-oriented entrepreneurs. Similarly, some characteristics of profit-oriented entrepreneurs (e.g. organizer, risk-bearer, strategic thinker) are applicable to social entrepreneurs too.

The presence of certain traits also depends on the motivational structure of social entrepreneurs and the combination of social and economic goals they pursue.

The sixth dimension, and an important point of differentiation between social and commercial entrepreneurs, is related to the sources used for funding the social entrepreneurial activities or “the resource mobilization mechanisms” [12]. Commercial entrepreneurs can survive in a long-term perspective, whether they use personal or external financial resources, only if they earn sufficient financial gain. The higher the gain, the better chances to attract investors, the easier access to capital markets. The opposite is also true – in the absence of financial gain commercial entrepreneurs are unable to secure the long-term survival due to the lack of interest on the part of investors. If social entrepreneurs are not financially self-sufficient and need external sources of financing, they appeal to different motives of potential investors because in the case of SE, investors are more concerned with the promised social impact than with financial returns.

Generally, the mode of financing of social entrepreneurial activities is closely associated the form of a social enterprise and the combination of its social and economic goals.

Many authors believe that social enterprises can exist in a variety of forms in terms of whether they are for-profit or nonprofit, rely on external funding or earned income [1; 5; 11; 26; 30]. It is this variety of forms that complicates the formulation of clear definition of SE and leads to controversies.

Dees et al., for example define the range of business models available to social entrepreneurs rather broadly – “from purely philanthropic to purely commercial, with many variations in between” [30]. In the same vein Austin et al. [12] believe that social enterprises can use the
variety of sources of financing – impact investors, government grants, charities, donations, as well as earned income. Nicholls [23] also assumes a rather wide range of funding options, which he presents as a continuum: voluntary activism, not-for-profit – grant funded, not-for-profit – partially self-funded, social enterprise – fully self-funded, corporate social innovation.

Shaw et al. [13] who conducted in-depth interviews with social entrepreneurs from across the UK, found out that only 2 per cent of their respondents had used their own funds. For the rest of them the key sources of financing were charitable trusts, regional and central government and the European Union. So, the authors concluded that “social entrepreneurs rarely invest or risk personal finance in their ventures”.

Weerawardena et al. associate social entrepreneurs with non-for-profit organizations defining SE as “a behavioral phenomenon expressed in a non-for-profit organization context aimed at delivering social value through the exploitation of perceived opportunities” [31].

Massetti [5] presents different forms of SE as a two-dimensional continuum, in which the first dimension corresponds to the mission orientation (socially driven vs market driven) and the second one describes the profit requirement (profit required vs no profit required). Using the matrix built on the basis of two dimensions she identifies the following forms of organizations: traditional business organizations (market driven, required to earn profits); transient organizations (responding to market needs but not driven by the need to make a profit), traditional not-for-profit organizations (driven by a social mission with no need to earn profits) and tipping point organizations (driven by social missions, but having to earn profits to survive). According to Massetti, social entrepreneurs can be found in any of those quadrants (in the case of traditional business organizations one can expect that they will exhibit a socially responsible behavior), but tipping point organizations hold the most promise for economic transformation.

Similarly Bielefeld [32] contends that in terms of non-profits and for-profits, social enterprise can have any form within a continuum of organizational modes: with nonprofits relying on philanthropic capital and concerned exclusively with social returns at the one end of the spectrum and with for-profits concerned with financial gain at the other. Between these extremes there are organizational forms that are concerned with both social and economic goals (non-profits with some earned income; non-profits or for-profits with equal concerns for social and financial ends, for-profits with some emphasis on social responsibility).

Dorado identifies the following groups of social enterprises: “non-profit organizations entering into business to finance their social service operations... for-profit ventures that define their mission as having a double bottom line... cross-sector enterprises which represent collaborative initiatives engaging non-profit, for-profit and/or public organizations to solve particularly challenging social problems” [26]. Two conclusions can be derived from this classification: 1) social goals are either primary or at least as important as economic ones, 2) social enterprises try to be financially sustainable combining their social activities with business ones.

Boschee et al. narrow the definition of SE by stating that “Unless a non-profit organization is generating earned revenue from its activities, it is not acting in an entrepreneurial manner... It may be innovative, not entrepreneurial...” [15]. The authors contrapose earned income, sustainability and self-sufficiency to charitable contributions, government subsidies and eternal dependency and believe that sustainability and self-sufficiency are defining characteristics of social enterprises. Likewise Abu-Saifan insists on financial independence of social enterprises. He defines the social entrepreneur as “a mission-driven individual who uses a set of entrepreneurial behaviors to deliver a social value to the less privileged, all through an entrepreneurially oriented entity that is financially independent, self-sufficient, or sustainable” [2]. He identifies the following two strategies that make SE: 1) non-profit with earned income strategies (performing both social and commercial entrepreneurial activities with a view to achieving self-sufficiency, reinvesting earned profits in further improvement of the delivery of social value) and 2) for-profit with mission-driven strategies (performing both social and commercial entrepreneurial activities in order to achieve sustainability; financially self-sufficient and allowing the founders and investors to receive monetary gain) [2]. Defining SE in this narrow way provides a clearer view of the phenomenon of SE and more solid grounds for considering related activities as entrepreneurial.

Mthembu et al. also stress the necessity of self-sufficiency: “Self-sufficiency should be part of the mindset of the social entrepreneur. The social entrepreneur needs to come up with and have a meaningful or valued product or service offering” [33]. They also believe that self-sufficiency is likely to come through a for-profit setup, although a non-profit mode opens possibilities to apply for funding and to partner with corporations. Besides, for-profit status may potentially adversely affect the image of a social enterprise.

To systemize different points of view on SE, Dees et al. [30] identify two schools of thought: the Social Enterprise School and the Social Innovation School. The Social enterprise school emphasizes earned income generation in serving a social mission but insists on a non-profit form for social enterprises and thus assumes that the profits earned should not be distributed in the form of dividends but rather reinvested in the social mission. The Social Innovation School is more concerned with finding innovative ways of addressing social issues and generating social value. It assumes that social enterprises can take either non-profit or for-profit form,
corporate social entrepreneurial ventures. \hfill

When defining SE it is necessary to distinguish it not only from commercial entrepreneurship but also from other types of social activities or behaviors which can be taken for SE.

First of all it is not always clear where one should place the boundary between SE and socially responsible corporate behavior. Dorado [26] believes that the latter term should be applied to companies whose primary goal is profit, and which behave in a socially responsible manner in the hope that it will have a positive effect on their bottom line, whereas social entrepreneurs, even those who earn profits, are more concerned with creating social value and consider profits as a necessary condition of survival and financial viability. Actually this view reflects only one out of the four approaches to corporate social responsibility (CSR), identified by Garriga et al. [38], specifically the instrumental approach. Within this approach CSR is viewed as a strategic tool to achieve economic objectives and, ultimately, wealth creation. However, there are other approaches to CSR, for instance the ethical one which considers CSR as an ethical obligation, thus shifting the focus from economic values to ethical and social ones.

Reflecting on the difference between SE and socially responsible commercial entrepreneurs, Boschee et al. [15] argue that social entrepreneurs’ earned income strategies are tied directly to their mission and profits are reinvested in the social mission, whereas the efforts of the commercial entrepreneurs only indirectly attached to social problems. At the same time other authors who believe that social enterprises can have for-profit status [2; 5; 24] do not insist on reinvesting profits in the fulfillment of social goals. Thus, the boundary between CSR and SE remains unclear.

SE should be distinguished from charity. As Krige [6] states it, “charity can only perpetuate the inequality while SE can bridge the gap”. Essentially charity represents a mere redistribution of wealth – a zero-sum game, where the gain of one party is the loss of the other. In the case of SE there should be a social multiplier effect that would produce social change. For example, providing a shelter for homeless or food for poor would have a lesser impact than providing professional training and letting people earn their living and change their social status themselves. Healthcare projects aimed at enhancing physical health and preventing diseases may lead to the improved quality of life, better employment opportunities.

Grieco [34] believes that “the focus on economic activity is important to differentiate social entrepreneurship from pure forms of social movements as well as from charitable and philanthropic initiatives”.

Martin et al. [1] distinguish SE from social service provision and social activism based on whether the activity in question leads to changes in equilibrium and if yes, whether it does it directly or indirectly. Among these three activities only SE changes the existing equilibrium.
for a better one through a direct action, whereas a social service provider attempts to get a better outcome without changing the existing equilibrium and a social activist intends to change the current equilibrium by an indirect action, i.e. through influencing others to do this (promoting ideas, influencing public opinion, changing mindsets).

Bacq et al. [24] point out another difference between SE and activism based on whether they require individual or collective actions. SE may consist of individual actions, while activism implies collective movements.

Simms et al. [39] believe that social entrepreneurs combine two identities – one is an entrepreneur and the other one is an activist. Depending on which of these identities is primary they choose either for-profit or non-profit form of enterprise.

It is important to mention that social activities may represent hybrids of pure forms discussed above. For example combination of SE and social activism is typical for fair trade or standard setting organizations, which simultaneously promote ideas aimed at making business more socially responsible and provide practical help and support in changing business models.

There are controversies in the literature regarding whether there is such a thing as corporate social entrepreneurship, which was mentioned earlier in the article. Austin et al. [37] answer the question in the affirmative, pointing out that “corporate social entrepreneurship aims to ensure that the very purpose (italic ours) of these corporations migrates from one of maximizing returns to investors to optimizing returns to stakeholders”. It means that the company produces a blended (both social and economic) value, social value creation is not considered as something separate or peripheral; moreover, the social performance has parity with the economic and becomes “part of the corporate DNA”.

CONCLUSIONS

SE has been increasingly viewed as a source of solution to social problems that cannot be effectively addressed by public sector organizations and other traditional welfare providers. SE is concerned with accomplishing social mission in the most effective and efficient way using innovative approaches to solving social problems.

Despite the numerous studies and a large amount of literature on SE, the concept remains fuzzy and means different things to different people. One of the reasons for that is the multidimensionality of this socio-economic phenomenon.

Having analyzed different approaches to defining SE, we have identified eight dimensions of this phenomenon related to 1) the combination of social and economic values generated by SE activities; 2) the motives and drivers behind social entrepreneurial activities; 3) the opportunities pursued by social entrepreneurs; 4) the significance, scale and innovativeness of the social outcome produced; 5) the personal characteristics of social entrepreneurs; 6) the sources of funding of the social entrepreneurial activities; 7) the measurement of performances of social entrepreneurial ventures; 8) an individual or collective character of action. The dimensions of SE are closely interconnected and/or follow from one another.

Within most of these dimensions the forms of social enterprises or other characteristics mentioned above can change along a continuum. The points of contention among the contributors to the SE field are related to the boundaries within which the characteristics and forms can be varied without compromising the social entrepreneurial status of an activity, i.e. within which an activity can be considered as SE and outside which it should be considered as either commercial entrepreneurship or other type of social activity, such as corporate social responsibility, social activism or social service provision.

In our opinion, social enterprises can have both social and economic goals, with social goals dominating, and thus produce both social and economic value; social entrepreneurs must have a strong motivation to achieve socially desirable objectives with possible presence of financial motives; social entrepreneurs may pursue not solely social but also market opportunities, i.e. rely on market mechanism; they should use earned income strategies, possibly complemented by other sources of financing, with no special requirements regarding for-profit/non-profit status of the social enterprise; both economic and social performances of a social enterprise should be assessed, the assessment of the latter representing a greater challenge and requiring the development of special methods; social entrepreneurship can represent either individual or collective endeavor, in both cases a strong leadership is required.

The proposed dimensions of SE might provide additional insight into the phenomenon of SE, help identify different forms of SE and systemize the results of empirical studies. The list of dimensions is not exhaustive, and as empirical evidence accumulates and new types of SE appear, new dimensions can be added.

LITERATURE

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