

SOCIAL ENTREPRENEURSHIP: A SOCIAL INNOVATION CHANGING THE WORLD

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Abstract: The following research paper attempts to discuss the importance of social entrepreneurship that is contributing towards changing the face of the world through social innovation and skill development. Any definition of the term "social entrepreneurship" must start with the word "entrepreneurship." The word "social" simply modifies entrepreneurship. As the term social entrepreneurship signals the imperative to drive social change, and it is that potential payoff, with its lasting, transformational benefit to society through social innovation. Social innovation is now considered an important element in the search for solutions to pressing social problems. Inspired by Schumpeter's conceptualization of innovation "social" entrepreneurship is thought to contribute to "social" innovation in more or less the same way that "normal" entrepreneurship consists of the introduction of "normal" innovations, the concept of social innovation includes the social processes of innovation, such as open source methods and techniques and also the innovations which have a social purpose for e.g. online volunteering, microcredit, or distance learning. Prominent innovators associated with the term include Pakistani Akhter Hameed Khan, Bangladeshi Muhammad Yunus, (Founder - Grameen Bank) which pioneered the concept of microcredit for supporting innovators in multiple developing countries in Asia, Africa and Latin America.

Keywords: Change, Entrepreneurship, Innovation, Social, Transformational, Volunteering

Introduction: Social entrepreneurship refers to the practice of combining innovation, resourcefulness and opportunity to address critical social and environmental challenges. Social entrepreneurs focus on transforming systems and practices that are the root causes of poverty, marginalization, environmental deterioration and accompanying loss of human dignity. In so doing, they may set up for-profit or not-for-profit organizations, and in either case, their primary objective is to create sustainable systems change. The key concepts of social entrepreneurship are innovation, market orientation and systems change. Social entrepreneurs are drivers of change. Together with institutions, networks, and communities, social entrepreneurs create solutions that are efficient, sustainable, transparent, and have measurable impact. A few examples of social entrepreneurs and their systems-changing solutions include:

- Muhammad Yunus Grameen Bank which spearheaded microfinance globally
- Carlo Petrini's "slow food movement" which currently has 100,000 member in 132 countries committed to rescuing cultural traditions and the preserving biodiversity
- Wendy Kopp's Teach for America which transforms educational opportunities for low income groups whilst recruiting top university students to work in America's worst performing public schools.

Characteristics of Social Entrepreneurs: Social entrepreneurs are united by their ability to: Adopt a mission to create and sustain social value (not just commercial value)

- Recognise and relentlessly pursue new opportunities to serve that mission
- Engage in a process of continuous innovation, adaptation, and learning
- Act boldly without being limited by resources currently in hand, and
- Exhibit a heightened sense of accountability to the constituencies served and for the outcomes created.

Role of Entrepreneurship: Any definition of the term "social entrepreneurship" must start with the word "entrepreneurship." The word "social" simply modifies entrepreneurship. If entrepreneurship doesn't have a clear meaning, then modifying it with social won't accomplish much, either.

The word entrepreneurship is a mixed blessing. On the positive side, it connotes a special, innate ability to sense and act on opportunity, combining out-of-the-box thinking with a unique brand of determination to create or bring about something new to the world. On the negative side, entrepreneurship is an ex-post term, because entrepreneurial activities require a passage of time before their true impact is evident.

Interestingly, we don't call someone who exhibits all of the personal characteristics of an entrepreneur – opportunity sensing, out-of-the-box thinking, and determination – yet who failed miserably in his or her venture an entrepreneur; we call him or her a business failure. Even someone like Bob Young, of Red Hat Software fame, is called a "serial entrepreneur" only after his first success; i.e., all of his prior failures are dubbed the work of a serial entrepreneur only after the occurrence of his first success. The problem with ex post definitions is that

they tend to be ill defined. It's simply harder to get your arms around what'sunproven. An entrepreneur can certainly claim to be one, but without at least one notch on the belt, theself-proclaimed will have a tough time persuading investors to place bets. Those investors, in turn, must be willing to assume greater risk as they assess the credibility of would-be entrepreneurs and the potentialimpact of formative ventures.

Even with these considerations, we believe that appropriating entrepreneurship for the term social entrepreneurship requires wrestling with what we actually mean by entrepreneurship. Is it simply alertness to opportunity? Creativity? Determination? Although these and other behavioral characteristics are partof the story and certainly provide important clues for prospective investors, they are not the whole story. Such descriptors are also used to describe inventors, artists, corporate executives, and other societal actors.

Like most students of entrepreneurship, we begin with French economist Jean-Baptiste Say, who in the early 19th century described the entrepreneur as one who "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield," thereby expanding the literal translationfrom the French, "one who undertakes," to encompass the concept of value creation. Writing a century later, Austrian economist Joseph Schumpeter built upon this basic concept of valuecreation, contributing what is arguably the most influential idea about entrepreneurship. Schumpeteridentified in the entrepreneur the force required to drive economic progress, absent which economieswould become static, structurally immobilized, and subject to decay. Enter the Unternehmer, Schumpeter's entrepreneurial spirit, who identifies a commercial opportunity – whether a material,product, service, or business – and organizes a venture to implement it. Successful entrepreneurship, he argues, sets off a chain reaction, encouraging other entrepreneurs to iterate upon and ultimately propagatethe innovation to the point of "creative destruction," a state at which the new venture and all its related ventures effectively render existing products, services, and business models obsolete. Despite casting the *dramatis personae* in heroic terms, Schumpeter's analysis grounds entrepreneurshipwithin a system, ascribing to the entrepreneur's role a paradoxical impact, both disruptive and generative.

Shift to Social Entrepreneurship: Most useful and informative way to define social entrepreneurship is to establish its congruence with entrepreneurship, seeing social entrepreneurship as grounded in these same three elements. Anything else is confusing and unhelpful.

To understand what differentiates the two sets of entrepreneurs from one another, it is important to dispel the notion that the difference can be ascribed simply to motivation – with entrepreneurs spurred onby money and social entrepreneurs driven by altruism. The truth is that entrepreneurs are rarelymotivated by the prospect of financial gain, because the odds of making lots of money are clearly stackedagainst them. Instead, both the entrepreneur and the social entrepreneur are strongly motivated by theopportunity they identify, pursuing that vision relentlessly, and deriving considerable psychic reward fromthe process of realizing their ideas. Regardless of whether they operate within a market or a not-for-profitcontext, most entrepreneurs are never fully compensated for the time, risk, effort, and capital that theypour into their venture.

We believe that the critical distinction between entrepreneurship and social entrepreneurship lies in thevalue proposition itself. For the entrepreneur, the value proposition anticipates and is organized to servemarkets that can comfortably afford the new product or service, and is thus designed to create financialprofit. From the outset, the expectation is that the entrepreneur and his or her investors will derive somepersonal financial gain. Profit is sine qua non, essential to any venture's sustainabilityand the means to its ultimate end in the form of large-scale marketadoption and ultimately a new equilibrium. The social entrepreneur, however, neither anticipates nor organizes to create substantial financial profitfor his or her investors – philanthropic and government organizationsfor the most part – or for himself or herself. Instead, thesocial entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large. Unlike the entrepreneurial value proposition thatassumes a market that can pay for the innovation, and may even provide substantial upside for investors, the social entrepreneur's value proposition targets an underserved, neglected, or highly disadvantagedpopulation that lacks the financial means or political clout to achieve the transformative benefit on itsown. This does not mean that social entrepreneurs as a hard-and-fast rule shun profitmaking valuepropositions. Ventures created by social entrepreneurs can certainly generate income, and they can beorganized as either not-for- profits or for-profits. What distinguishes social entrepreneurship is theprimacy of social benefit, what Duke University professor Greg Dees in his seminal work on the fieldcharacterizes as the pursuit of "mission-related impact."

We define social entrepreneurship as having the following three components: (1) identifying a stable butinherently 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; and (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. Muhammad Yunus, founder of the Grameen Bank and father of microcredit, provides a classic example of social entrepreneurship. The stable but unfortunate equilibrium he identified consisted of poor Bangladeshis' limited options for securing even the tiniest amounts of credit. Unable to qualify for loans through the formal banking system, they could borrow only by accepting exorbitant interest rates from local moneylenders. More commonly, they simply succumbed to begging on the streets. Here was a stable equilibrium of the most unfortunate sort, one that perpetuated and even exacerbated Bangladesh's endemic poverty and the misery arising from it. Yunus confronted the system, proving that the poor were extremely good credit risks by lending the now famous sum of \$27 from his own pocket to 42 women from the village of Jobra. The women repaid all of the loan. Yunus found that with even tiny amounts of capital, women invested in their own capacity for generating income. With a sewing machine, for example, women could tailor garments, earning enough to pay back the loan, buy food, educate their children, and lift themselves up from poverty. Grameen Bank sustained itself by charging interest on its loans and then recycling the capital to help other women.

Yunus brought inspiration, creativity, direct action, courage, and fortitude to his venture, proved its viability, and over two decades spawned a global network of other organizations that replicated or adapted his model to other countries and cultures, firmly establishing microcredit as a worldwide industry.

Conclusion: A conclusion section is not required. Although a conclusion may review the main points of the paper, do not replicate the abstract as the conclusion. A conclusion might elaborate on the importance of the work or suggest applications and extensions.

Social Entrepreneurship Changing the World: One major flaw of the environmental movement is its inability to garner support from the private sector. In a world where environmental regulations are often pitted against business profits, imagine an economy

where those two forces are working harmoniously. Social entrepreneurship offers that chance.

Bill Drayton, the father of social entrepreneurship defines the concept as "business with a cause." In a world where developers and entrepreneurs possess more power than ever, we are thriving off of technological innovation. Instead of examining simply how to make money, leaders are devising ways to both make money and to serve the public. Simon Sinek, an English author best known for the development of the concept, "Start with Why" and the "golden circle," argues that the working class is no longer fulfilled by their work because we no longer interact with, and help others. Sinek believes that the idea behind the business should not be to their work because we no longer interact with, and help others. Sinek believes that the idea behind the business should not be to generate profits, but to capitalize on an idea. Apple has done this with its "Think Different" campaign—they think differently from other companies, but they happen to make great computers.

Moving forward, the environmental movement must look for new ways to incorporate these principles. The Millennials, as a generation, have a tremendous opportunity to do so. We must deconstruct the battle of environment vs. business, and create new business models with a "Why" reinforcing them. Combine the agility of business with the commitment of environmentalism—coming together to form sustainability driven social entrepreneurship practices. This call to action by no means excuses the federal government, although it does seek to bypass its latency and gridlock. However, in a world where record-breaking droughts in the west, and brutal winters in the northeast have become the norm, we must look to our most powerful instruments to drive change and spur innovation.

Conclusion: Long shunned by economists, whose interests have gravitated toward market-based, price-driven models that submit more readily to data-driven interpretation, entrepreneurship has experienced something of a renaissance of interest in recent years. Building on the foundation laid by Schumpeter, William Baumol and a handful of other scholars have sought to restore the entrepreneur's rightful place in "production and distribution" theory, demonstrating in that process the seminal role of entrepreneurship. According to Carl Schramm, CEO of the Ewing Marion Kauffman Foundation, entrepreneurs, "despite being overlooked or explicitly written out of our economic drama," are the free enterprise system's essential ingredient and absolutely indispensable to market economies. We are concerned that serious thinkers will also overlook social entrepreneurship, and we fear that the indiscriminate use of the term may undermine its

significance and potential importance to those seeking to understand how societies change and progress. Social entrepreneurship, we believe, is as vital to the progress of societies as is entrepreneurship to the progress of economies, and it merits more rigorous, serious attention than it has attracted so far. Clearly, there is much to be learned and understood about social entrepreneurship, including why its study may not be taken seriously. Our view is that a clearer definition of social entrepreneurship

will aid the development of the field. The social entrepreneur should be understood as someone who targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity; who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude; and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large.

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