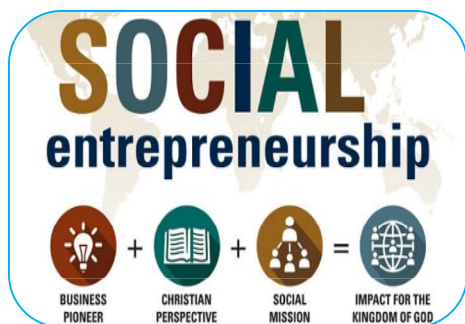




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SOCIAL ENTREPRENEURSHIP: A NEW BUSINESS MODEL TO UNDERSTAND

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ABSTRACT:

Entrepreneurship is "The system of making fee through bringing collectively a unique package deals of sources to exploit an opportunity" (Forbat, 2007). The main aim of traditional entrepreneurship is to maximize profits and shareholders wealth. How social entrepreneurship concept is applied to real world situations ranges tremendously. We

believe that in this rapidly growing and changing society, people will continue to become more and more socially aware and responsible. We believe with the emergence of these new mindsets and practices, social entrepreneurs have bright futures ahead of them. Additionally, we believe that not only will this new, rapidly changing atmosphere bring success to social entrepreneurs, but also will forever change the way we do business. Through a brief historical overview and social entrepreneurship's functions, we were able to develop our own definition of what social entrepreneurship means, in our minds. Our idealized, brief definition of social entrepreneurship is an organization or initiative that finds a need unmet, or poorly met need within society that they seek to change for the betterment of the society as a whole.

KEYWORDS: Entrepreneurship, social entrepreneurs, organization.

INTRODUCTION: CONCEPT ABOUT SOCIAL ENTREPRENEURSHIP

To recognize Social entrepreneurship, we first would adore defining entrepreneurship to assist in comparing and contrasting the two. Entrepreneurship is "The system of making fee through bringing collectively a unique package deals of sources to exploit an opportunity" (Forbat, 2007). The main aim of traditional entrepreneurship is

to maximize profits and shareholders wealth. How social entrepreneurship concept is applied to real world situations ranges tremendously. The definition for social entrepreneurship has long been debated amongst the business community as to what exactly makes a social enterprise count as a social and not a business enterprise. So far there has not been a consensus as to what makes a social entrepreneur. Does any business count as a social enterprise because they hire people, reducing unemployment? We argue no, a company that introduces potato

chips to China would not be considered a social entrepreneur even though they hire thousands of people. Social entrepreneurship is a procedure in which people build or change institutions to boost answers to social problems with the purpose of enhancing lifestyles. Not just trying to fix but understanding how an issue relates to society allows social entrepreneurs to develop ingenious solutions and to mobilize resources to help society. Unlike traditional businesses, social enterprises focus on the maximization of social betterment, rather than maximizing profit gains

(Bornstein & Davis 2010).

In "The Power of Unreasonable People", John Elkington and Pamela Hartigan categorize social entrepreneurs, business structures as falling under three one-of-a-kind models, varying between conditions and financial climates. The 3 models are leveraged non-profit, hybrid non-earnings and social businesses (Elkington & Hartigan. 2007). A leveraged non-earnings undertaking wishes outside financing as a way to function and provide a public Good. On the other hand, a hybrid non-profit venture retains a portion of its profits in order to maintain operations and further social good. Finally a social business venture generates profits, the difference being they reinvest this profit to further social benefits instead of returning the profits to their shareholders (Elkington & Hartigan 2007). Companies may transition between stages as they grow, starting as a leveraged non-profit until they eventually have enough profits to be self-sustainable and become a Social Business venture.

Why have social enterprises? Why not use regular business or the government to solve these social issues? One reason social entrepreneurship is needed is most 6 Social Entrepreneurship businesses will look at a social problem and not see large profit growth therefore will not waste investor capital on this venture. Business entrepreneurs need to maximize shareholder wealth once publicly listed and social programs don't always have the highest monetary return. The reason we can't rely on Government to solve these problems is typically governments term is four years, which leads to a constant cycle of people starting projects and not completing them or only producing short term solutions to be re-elected in the next term. Social entrepreneurs on the other hand are focused on the social return and are willing to have slow profit growth and will stay with the project till a solution is met, this leads to more sustainable and long-term solutions. Another reason people may want to start looking into social entrepreneurship is due to 'Deloitte's global 2015 millennial survey', which found that Millennials believe a successful business should be measured in more than just financial performance, but also believe businesses should seek to improve society. Millennials are also very charitable and strive to improve social life; 63 percent of Millennials have donated to charity, 43 percent have actively volunteered and 52 percent have signed petitions. (Deloitte, 2015). What this means for business owners is the next generation of the workforce doesn't want to work for the typical "greedy" business world. They want to be part of a company that attempts to improve the world. Therefore in order to attract future leaders companies need to become social enterprises that serve a higher purpose as well as produce profits

Credit score for popularizing the term "Social Entrepreneurship" can be given to William Drayton, founding father of Ashoka the sector's first employer to sell social entrepreneurship. For the duration of a visit to India in the early 1980's Drayton turned into stimulated by Vinoda Bhavé's "land gift motion", which aimed to break the poverty cycle by way of getting the richer people to give their land up so it could be more fairly distributed to the less wealthy people. The success of this movement showed Drayton the effectiveness of social entrepreneurship in making change for the better (Leadbeater, 1996). Ashoka is now a worldwide company promoting the idea of creating social change through the use of an informative website. Ashoka offers advice on financing and support for social entrepreneurs in all different types of economic climates around the world.

DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP

Although the term was only made popular 35 years ago social entrepreneurs have always existed, in the past however they were called visionaries, humanitarians, philanthropists or saints. (Bornstein & Davis. 2010). Some early pioneers of social entrepreneurship are:

1. Robert Owen (1771-1858) - This mill proprietor became a pioneer inside the social entrepreneurship movement. He improved working conditions at factories; he also laid the foundation of the cooperative movement by starting a store for factory workers to buy goods for a little more than wholesale price leading to a better quality of life for all his workers.
2. Florence Nightingale (1820-1910) - Arguably one of the most famous social entrepreneurs in history, Florence founded the first nursing school and outlined modern nursing practices. This has saved countless lives and continues to today.

3. William Booth (1829-1912) – William and his wife started the East London Christian Mission in 1865 to bring the Christian message to those in needs by meeting their physical and spiritual needs. He later rebranded in 1878 to Salvation Army open to all races, and needs .

In the past Social entrepreneurs have been typically non-earnings organizations, relying on outside financing to maintain their social good properly. This approach can work and is used around the arena even today however charitable programs have a tendency to have less long lasting effect as they are now not self-sustainable and are continuously seeking out greater funding. This all started to change as we entered the 21st century and social entrepreneurship began to be redefined, no longer relying on others to remain open but finding creative ways to have social impact, while making enough profit to be sustainable.

In later years social entrepreneurs have changed from charitable businesses to real organizations which might be capable of more successfully remedy social problems while still being self-sustainable.

FINANCIAL CONSTRAINTS

Social entrepreneurs have proven that they are able to improve social problems and make a difference but are often hindered by a lack of funding and have trouble finding traditional investors willing to invest in social problems. A business that does not promise profits within five to seven years will not attract traditional investment no matter how important their work is. Social businesses are typically able to be self-sustainable once up and running but for the non-profit social enterprises they rely on foundations, philanthropists or governments, all options typically consisting of modest sized investments that are relatively short term (Bornstein & Davis 2010). Social entrepreneurs have a hard time receiving traditional finance due to their marketing strategy, which puts social effect at the top of its priorities, as compared to conventional agencies which are focused on monetary return. Social marketers have problem receiving funding from governments, as they typically like to pay for services as they're introduced, as a substitute then investing in an extended-term solution (Bornstein & Davis, 2010). A new form of financing has started to emerge called venture philanthropy, a type of venture capitalist who seeks social impact over monetary growth (Weiss & Clark 2015). Although this new type of investment is exciting for the world of social entrepreneurship it is still in its early stages and not very many venture philanthropists institutions exist. Social entrepreneurs are starting to mix all the distinctive sorts of funding, together with offers, bank loans, and crowd funding and project philanthropy collectively which will achieve maximum social impact. The maximum commonplace and new sorts of financing a social business enterprise are defined in detail below.

GOVERNMENT GRANTS

One of the main sources social entrepreneurs seek funding from is the government as they have the resources to fund social programs and the motive to create social impact. Typically receiving government funding gives more credibility to an organization; if they are consistently receiving grants and winning competitions for funding they may attract additional investors as a result (Sherman, 2004). Another benefit of government funding is it can sometimes be accompanied by professional assistance. The government who is providing the grant may also offer workshops, seminars and consulting in order to help the social enterprise grow and maximize impact. Government grants can also help improve their network by introducing them to a larger group of social entrepreneurs. Sometimes governments will bring together all the recipients of a particular grant in order to expand their network, as well as compare experience and increase awareness of other potential funding or resources for that particular type of venture (Canada Business, 2014). Even with these benefits some social enterprises decide to stay away from government grants for a couple of reasons. To qualify for funding organizations may have to reshape their business in order to fit in the guidelines set out by the government; this may be hard to do while still maintaining the social ideal. Another downside to government grants is the monitoring of your business; typically larger grants will come with a stipulation that the business practices and performance will be monitored (Sherman, 2004). Some

entrepreneurs find this monitoring to be quite intrusive and may decide to avoid government grants for this reason. Potentially costly problems with government grants are some work on a reimbursement basis, making businesses upfront the costs and submit cost reports then wait for reimbursement. This would not be bad if it weren't for governments being notoriously slow in payback, sometimes going two to three months before reimbursement is received (Sherman, 2004). For a social enterprise that is well organized and likes taking direction a government grant may be a good source of financing, as it cost nothing other than time to receive a grant. For others the lack of certainty and availability of loans may make government grants a bad decision when finding financing.

CROWD FUNDING

One of the more recent and most successful forms of financing is a concept known as crowd funding, (or crowd sourcing). Tripling in the last year becoming a 16 billion dollar industry Crowd funding is quickly turning into one of social entrepreneur's favorite avenues for financing (Clifford, 2015). Crowd funding is an Internet based form of funding that doesn't ask for one large loan but instead asks for many small loans from multiple individuals to reach a large fundraising goal (Lambert & Schwienbacher, 2010) Instead of offering equity like a typical public investment, crowd funding often uses a reward program, which offers incentives that increase in value as the value of the donation increases, in some unique cases it may be strictly donation based (Ordanini, et al, 2011). These incentives typically are products offered by the company or products made specifically for the crowd funding campaign. This method avoids traditional funding such as banks and grants; crowd funding goes directly to the consumer and asks for help in getting a project off the ground or to the next step. Crowd funding has become a popular avenue for social entrepreneurs to receive funding as it is easier to convince the public to invest in social good and is much less risk for multiple investors putting in small amounts compared to traditional financiers taking on the full risk of the entire loan. Some benefits of Crowd funding is it is essentially a marketing tool as much as it is an investment tool, companies are able to spread their business idea to a very large audience and intern may meet others who share similar ideas. A Crowd funding campaign is fairly simple to put together compared to a traditional business plan needed for most loans or grants. Crowd funding uses videos and visuals and usually consists of a pitch about the idea or product in an informal manner. Crowd funding campaigns also normally receive a lot of feedback on their idea and this may help maximize their impact having input from others. In other industries the fear of people copying the idea is considered a con, in social entrepreneurship most encourage others to go out and do a social good using their idea; this can be seen as a plus depending on the goals of the entrepreneur (Isenberg, 2012). The United States also recently passed a law allowing entrepreneurs to sell small shares in their company on a Crowd funding style platform, this would avoid the heavy cost of going public and could see a new type of investor using Crowd funding. People will now receive payment if the project succeeds so they will be invested in its progress more then with previous Crowd funding campaigns (Finley, 2015). Crowd funding is seen as a very viable option for social entrepreneurs seeking funding and has a very promising future as the world comes closer with technology and millennial starts addressing social issues together.

VENTURE PHILANTHROPY

Venture capitalism has been around for as long as entrepreneurs have been around investing in seemingly risky ventures hoping for large returns. The new form of this has emerged specifically for the social entrepreneurship sector known as venture philanthropy. Venture philanthropy uses the expertise and techniques used in venture capitalism but focuses on social impact over return on investment. They measure their return in capacity improvement and people helped over monetary growth. It is estimated that there are 40 institutional funders currently using this approach, investing upwards of 60 million a year and growing (Frumkin, 2003). What venture philanthropist are trying to do is not just be a supplier of cash like a charity, but instead consult and work with social institutions so they can further their social impact and increase reach which is the goal of a Venture Philanthropist (Frumkin, 2003). Some benefits to Venture philanthropy is the investors are looking for social return

over financial return, so marketers are capable of consciousness on social improvement alternatively of getting to fear about paying back a loan. Any other benefit is the everyday length of a mission philanthropist funding, not like financial institution loans or grants which might be normally one time investments, an assignment philanthropists funding is typically 5-7 years and can go far beyond that (Chauhan, 2015). The Benefit of this is Venture Philanthropist will likely add more money as they see the project growing and its social capacity increasing. Along with supplying funds Venture philanthropist will typically also give intellectual and human capital to the social venture they have invested in (Chauhan, 2015). Some social entrepreneurs find Venture Philanthropy the best fit for their business as they may be passionate about their cause but benefit from having a business consultant to make their venture sustainable therefore furthering its impact to the community. Others prefer the more hands off approach of a bank loan, opting out of the venture philanthropist team member approach to investing.

HOW CAN THE FIELD ATTRACT TALENTED WORKERS?

Unlike regular businesses that follow a structured business model, social entrepreneurs are more likely to create solutions to problems without a road map, or plan of attack per se. This often open ended work calls for a different kind of brain, a revolutionary thinker. So what are we looking for? According to Bornstein and Davis:

- Those Looking for Rewarding work (More Than Money)
- Critical thinkers, decision makers, risk takers
- Empathetic, caring individuals
- Socially aware individuals

As previously mentioned, the members of the millennial generation have both a strong social sensibility as well as social responsibility. (Deloitte, 2015) This shift towards a more socially aware generation is causing a shift in the way we do business say Bornstein and Davis. Sagawa and Jospin state that organizations, much like individuals, form their own identities and personalities. These charismatic personalities act as a magnet for attracting individuals who are equally as charismatic and passionate about the same issues (Sagawa & Jospin, 2008). The future looks bright for social enterprises with an incoming workforce that values rewarding work that will change the communities they are a part of.

Mass Recruiters

Bill Drayton, a global social entrepreneur, believes that the utmost important success factor for a social enterprise is the acquisition and cultivation of great potential. (Drayton, 2006) Drayton believes the key to success lies within inspiring and helping young minds to realize what they can be capable of. Drayton refers to social entrepreneurs as “mass recruiters” (Drayton, 2006) - constantly working to challenge great minds to reach their full potentials. Most of this “recruitment” is done informally, as there are not many programs in place that allow for a structured growth plan of these exemplary minds. One example of a very successful social enterprise is Teach for America, which Drayton argues can serve as a model for all recruiting social entrepreneurs.

Teach For America

Teach for America’s mission is to “grow the movement of leaders who work to ensure that kids growing up in poverty get an excellent education.” (Teach for America, 2015) The educators involved with teach for America are social entrepreneurs that are willing to receive less pay in exchange for more rewarding work. Teach for America is a perfect example of Drayton’s “mass recruiter” theory. They are constantly on the hunt for young minds whose values of education are aligned with those of the organization. (Bornstein et al, 2010) With their charismatic organization, Teach for America has been able to attract young educators from top universities across the United States. Wendy Kopp, who presented the idea in her 1989 undergraduate thesis at Princeton, dreamed up Teach for America in a university classroom. In 1990, 500 committed individuals made Kopp’s dream a reality, and it the

movement has been growing ever since. Teach for America's model helps attract and inspire the best and brightest from around the country: Recruit, Train, and Foster. (Teach For America, 2015)

- We recruit committed recent college graduates and professionals of all backgrounds to teach for two years in urban and rural public school
- We train and develop these corps members so that they have an immediate positive impact on their students
- We foster leadership of our alumni as they address this problem from all sectors

Teach for America should be treated as a template for social change in America. Teach for America has proven them to be extremely successful since their inception. The numbers don't lie: Teach For America credit themselves with transforming education in New Orleans, where the percentage of students scoring basic or above on state wide testing has increased from 30% in 2000 to 53% in 2010. (Teach For America, 2015)

HOW DO GOVERNMENT AND SOCIAL ENTREPRENEURS WORK TOGETHER?

Recent initiatives by Government

As previously mentioned, the government offers grants to some social enterprises. However, fitting into the parameters of what the government grant requires proves difficult for many social entrepreneurs- causing many of them to seek funding elsewhere. (Sherman, 2004) The government and social entrepreneurs have historically "suffered from a mutual lack of respect and trust." (Bornstein et al, 2010) Due to the different approaches taken by each to problem solving, different pressures, and different needs- government and social entrepreneurs do not always work well together. However, government departments could greatly benefit from having the minds of social entrepreneurs at their disposal, as it would make for fresh, effective, and unique solutions to structural issues.

Support required form Government

Bornstein and Davis suggest that governments do not need to abolish ineffective government resources, but instead deploy their resources differently within the social sector. (Bornstein & Davis, 2010) They suggest that rather than forcing social entrepreneurs into strict guidelines for funding, they should instead "harness the potential of social entrepreneurs and citizen organizations to achieve policy goals, just as they do with business entrepreneurs and companies." (Bornstein & Davis, 2010) Social entrepreneurs are long-term solution makers, which many government officials are not. It is said that this difference alone would make solutions much more effective with the help of social entrepreneurs.

CONCLUSION

It has become clear through our discussion that there has been a societal paradigm shift towards the consideration of social issues that has enabled social entrepreneurship to flourish over recent years. We believe that in this rapidly growing and changing society, people will continue to become more and more socially aware and responsible. We believe with the emergence of these new mindsets and practices, social entrepreneurs have bright futures ahead of them. Additionally, we believe that not only will this new, rapidly changing atmosphere bring success to social entrepreneurs, but also will forever change the way we do business. Through a brief historical overview and social entrepreneurship's functions, we were able to develop our own definition of what social entrepreneurship means, in our minds. Our idealized, brief definition of social entrepreneurship is an organization or initiative that finds a need unmet, or poorly met need within society that they seek to change for the betterment of the society as a whole. We briefly touched on the different types of financing available for those wishing to create social change. We also discussed how to attract the talented, passionate minds needed within a social enterprise- and what exactly that entails. When researching the potential partnerships between social entrepreneurs and governments, the question was asked: "How much involvement should governments have?" There is certainly a complex and detailed answer to this that could be a research paper on its own. The track record between the two

have not 24 Social Entrepreneurship been the best- but we believe if changes were made on both ends, the pair could do exceptional things on the global scale.

Social entrepreneurship can change the face of society, there have been many such examples and projects which run under the banner of social entrepreneurship and proved to be life altering for people of that vicinity. Social entrepreneurship is a unique combination of entrepreneurial traits and philanthropy. In social entrepreneurship products and services are designed to make maximum social impact along with making considerable profits for the firm. Here the working area of firm is typically the area/region which is generally ignored by big firm of economic entrepreneurship. In a way the product and service offerings of social entrepreneurship is quite unique and caters the societal requirement better than economic requirements. This is an exact situation of entrepreneurial traits being implemented for a social cause/problem. Other than that all the basic elements of entrepreneurship are similar to its parent entrepreneurship. If the government and other stake holders can exercise session the demanding situations of social entrepreneurship successfully, then social entrepreneurship is beyond any doubt is the maximum crucial tool which has the full capacity to trade the very face of society in India.

- Social enterprises turn out to act different from existing third sector organizations and bring value addition while promoting sustainable solutions. Hence, the philanthropy and grants from CSR better focus on sustainable discourse promoted by social entrepreneurship.
- Partnerships and collaborations emerge crucial for resource mobilization, scaling and replicating the success in order to reach out to exclude. Thus, national policies should promote both international and national partnerships for better flow of ideas, resources and impact.
- India needs to adopt a social enterprise policy in order to enhance inclusive and sustainable organizations. This allows social enterprises to take up market participation through product and service delivery.
- Social enterprises should maximize community participation in order to visualize structural and yet significant social transformation.

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