

## Introduction to social entrepreneurship

### Definitions

Before you even start anything, the first thing to do is ask yourself ‘what is this, why am I doing it and who will benefit from this?’ Simple as that, the first step has been made.

Considering this, before we dive in and explain in details what is needed to be a Social Entrepreneur we have to go through the introduction of ‘What is actually social entrepreneurship?’ Boring you might think, but no. The essence of Social Entrepreneurship is understanding it at first, and believe me it is simple as it sounds.

Let’s go back to the etymology of the word ‘social’- derives from two Latin words- ‘socius’, meaning friend and ‘socialis’ meaning allied. On the other hand, we have the word entrepreneurship- derives from a combination of two Latin words- ‘entre’, meaning to swim out and ‘prendes’, or to grasp, understand. An allied friend who swims out and grasps the chance of solving a problem.

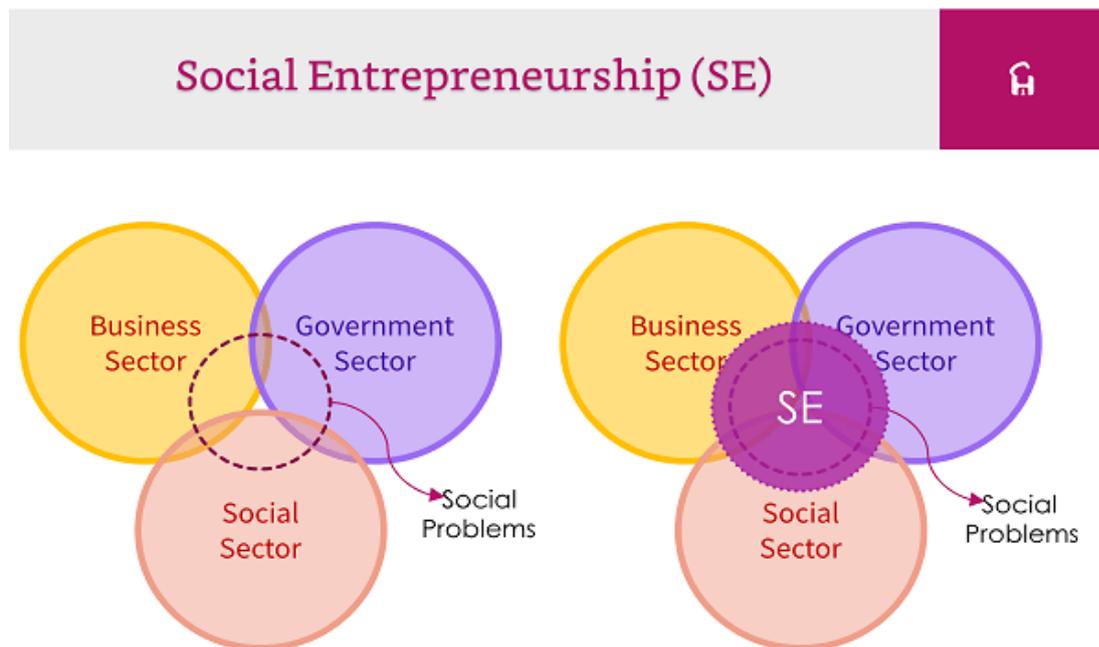
Social entrepreneurship is basically a revolution (a social mission) that is occurring everywhere around the world and through which people with different backgrounds in life, try to develop, innovate and implement effective solutions in response to the challenges that we are facing, whether social or environmental. We can see these solutions in the form of products, services or interventions created by start-ups or existing profit and non-profit organizations.



We are talking about making extensive research, firstly, to define in details the social problem we want to address and focus on and then organize, create and manage a social enterprise to attain the desired change. Being a social entrepreneurship doesn't mean eliminating a social problem instantly, but sometimes it means a lifetime struggle that focuses on slowly improving the existing circumstances.

A social enterprise is formed to meet a social or environmental challenge, that rationalizes its operations and supply chain to maximize social impact and minimize the use of resources, and that uses a sustainable, replicable, and potentially scalable business model.

Social enterprise is what comes as an intersection or middle between the business sector, government sector and the social sector. Another way to explain it, is that the Social problems that evolve in between all these sectors, are being solved through the formation of social enterprise (see picture below).

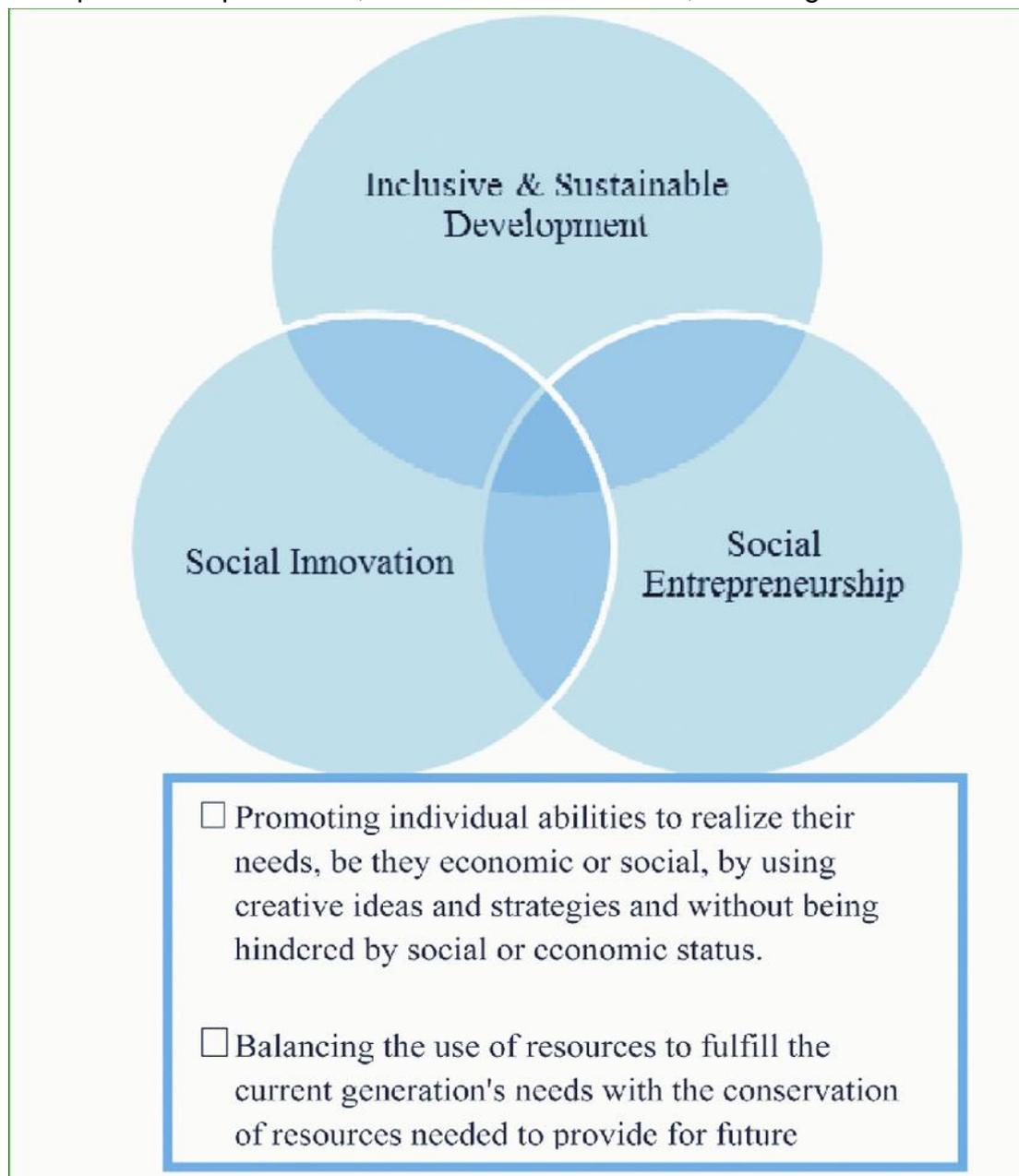


Considering this differentiation between the sectors and where social enterprise is placed, we can conclude that social entrepreneurship is said to be made of ideas that are tried out rather than proclaimed. These ideas are promoted by initiatives that belong to individuals, not to multinational organisations and usually they are not refined professionally. The ideas are rather culturally diversified by language, focusing on various social inequalities, social exclusion, environmental problems and risks and they represent all the challenges that are in need of social transformation.

## Sustainable Development

Sustainability is related about how individuals should act towards nature and how they are responsible for the other and the future. The vision of sustainability aims at “justice” in the domain of individual-nature-relationships and in view of the long-term and uncertain future including three specific relationships such as justice between individuals of different generations, justice between different individuals of the present generation and justice between individuals and nature (Baumgartner & Quaas, 2009).

In connection to this, entrepreneurship for sustainable development is a multilevel phenomenon connecting social, environmental, and economic dimensions between entrepreneurial processes, market transformations, and large societal developments.



Inclusive and sustainable development goes hand in hand with social innovation and social entrepreneurship, because in that way we promote individual abilities to realize the needs (economic, social) by using creative ideas and strategies and without taking into consideration social or economic status.

What is important is to balance everything we have available, all the resources, so we can fulfill the current needs of the people, and conserve enough resources that would be needed for providing in the future.

## **Why Is Social Entrepreneurship Different from Commercial Entrepreneurship?**

Entrepreneurship as a term has been evolving and it is still evolving over time. Because of that reason there are a variety of definitions that were offered, but it all comes down to the characteristics and a complex structure of the individual who becomes the entrepreneur.

Characteristics as:

- Creativity
- Innovative mindset
- Willing to take risks
- Goal orientation and responsibility
- Confidence, high level of energy
- Vision in perspective (having a broad spectrum)
- Flexibility

These are just some of the characteristics that form the Entrepreneur as a successful individual.

Even though the characteristics are pretty much the same, there is basically one difference between commercial and social entrepreneurs.

Commercial entrepreneurs can be defined as entrepreneurs motivated by profit, earning it through acts of trading (trading of products or services), while social entrepreneurs can be considered as promoters of social missions and creators of social value.

Some of the essential characteristics of social entrepreneurs are:

- They are considered as **change agents**- meaning they are creators of revolutions of the social reforms, through making fundamental changes that will improve social systems. They achieve this through implementing their vision.
- Social mission is paramount for social entrepreneurs because they commit to a mission based on values like producing and preserving social value (and not private benefit). This is the primary characteristic that distinguishes social entrepreneurs from commercial entrepreneurs. The social goal of a social entrepreneur is to promote social welfare, which cannot be reduced to an engagement for personal (and private) benefit revenue. Profit is made through meeting the needs of those who are in need and by keeping the organization afloat by providing social value, but it must be viewed as a tool for attaining the social goal.
- Social entrepreneurship supports transparent activities, moral and ethical principles, because that is what will bring more supporters to the cause, i.e. the social mission.
- Creating long lasting social impact and sustained results.
- Even though social entrepreneurs act locally, the actions that they take may provoke global changes e.g. health, education, economy, art etc.
- Failure as part of development, not a personal tragedy.
- Not giving up on challenges. They're focused with figuring out how to overcome the problem through invention, adaption, and research. Social entrepreneurs do not let a lack of resources to stop them from following their goals. They have the ability to accomplish more with fewer resources than promoting the concept of efficiency and effectiveness.



## **Social Entrepreneurship and Other Forms of Social Progress**

To understand the differences between the varieties of Social Entrepreneurship we have to start by categorizing them.

Mainly there are 4 types of social entrepreneurs:

- Community social entrepreneur
- Non-profit social entrepreneur
- Transformational social entrepreneur
- Global social entrepreneur

**Community social entrepreneur**, as is the name is focused more on finding and creating solutions for the community of a certain area. They create initiatives that can vary from creating job opportunities for disadvantaged members, building centers for the community, microfinancing loans etc. These entrepreneurs are usually small organizations (sometimes individuals) that work closely with the members of the community and the decision process is usually slower, with results on long-term.

Example: Nazeer Khan of Friendly Mart and Ali Holdar's Qamar Restaurant, Novak Djokovic Foundation, Muhammad Yunus

**Non-profit social entrepreneurs** are focused on the social, rather than the profit. This is what differentiates them from traditional businesses. Non-profit organizations take the profit that they get from the organization and invest it in further improvement of the services they provide. They appear as companies, organizations that want to use the power they already have, for benefiting the community worldwide or focused on a certain geographical area. Non-profits are usually destined to meet their goals easily since they have no problems with fundings.

Example: Red Cross, WaterisLife

**Transformational social entrepreneurs** are the ones that tend to create a business that can satisfy the social needs, that other business or governments can't. These entrepreneurs are the ones that actually evolve from non-profits, when they get to a certain point of growth. They specifically empower other impact-driven entrepreneurs to create positive change. This then creates a system of interconnected businesses focused on social benefits. Transformational social entrepreneurs usually get ambitious and talented people that have social entrepreneurship skills and help them by enrolling them into mentorship programs through which they can easily assist their progress and growth.

Examples: Social Innovation Warehouse

**Global social entrepreneurs** and the last ones of the list are the ones that are present because they want to totally change the social system, so they can meet social needs on global level. These entrepreneurs are usually large companies that come to the point of realizing their responsibility towards society and they start focusing on positive transformation, and not just profits. The focus of these global social entrepreneurs can vary from access to education, water, health, protection etc. One of the main backlashes of there organizations is that if they fail to meet the needs, their failure has higher impact than the ones that small organizations would have.

Examples: Bill & Melinda Gates Foundation, Elon Musk (reducing urban congestion and improving rural life, trying to back up civilization on other planetary bodies- SpaceX and Tesla/Solar City)

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## **TYPES OF SOCIAL ENTREPRENEUR**

- Community Project
- Social Enterprise
- Non-profit Organization
- Co-operative (Co-op)
- Social Purpose Business
- Credit union
- NGO
- Microfinance
- Fair Trade
- Educational programs
- Helping distressed
- Banking in un-deserved areas
- Charity organization
- Corporate Social Responsibility
- For profit social enterprise
- Private with commercial arms
- Healthcare in remote areas
- Green movement, tree plantation
- Eco-friendly business
- Care for nature and humanity



What is important to understand as a social entrepreneurship is that you are alone. There are a huge amount of individuals and institutions that are deep believers in the power of social entrepreneurship and how it can make a difference. These “believers” range from organizations, forums, networks, listservs, conferences and events that put together social entrepreneurs and their supporters worldwide.

Support comes in many ways including investments, technical support, knowledge sharing, awareness and advocacy.

In the box below you can see just part of the institutions that support social entrepreneurs, or the most active organizations that can serve as a source for future social entrepreneurs.

**Acumen.** Impact investing fund based in NY, operating in East Africa, Southeast Asia, South America  
**Alfanar.** Venture philanthropy organization based in London, operating in Egypt and Lebanon  
**Ashoka.** Fellowship program and global network of changemakers headquartered in Washington, DC

**Aspen Institute.** Education and policy studies organization with fellowships and leadership networks  
**Echoing Green.** Fellowship and Investment Program based in NY and operating globally  
**CASE.** Center for Advancement of Social Entrepreneurship at Duke University, open to entrepreneurs worldwide  
**Nesta.** UK-based innovation, research, and investment charity  
**REDF.** Investing and knowledge building organization with online workshop containing resources and tools  
**Sankalp Forum.** Annual summit and awards based in India, convening innovators and investors worldwide  
**Schwab.** Switzerland-based foundation providing networking opportunities and platform for social entrepreneurs  
**SE Hub.** Social Entrepreneurship Resource Hub at Stanford University, open to social entrepreneurs worldwide  
**Skoll Network.** Includes Foundation, Awards, Global Threats Fund, World Forum, and Oxford Centre  
**SOCAP.** Social Capital Markets, an organization bringing together social investors and social entrepreneurs an through annual event series, media platform, and online community.  
**Social Enterprise Coalition.** UK national body for social enterprise, membership services and online advice  
**Social Innovation Forum.** Boston-based accelerator program for innovators and investors  
**UnLtd.** UK-based organization providing support and resources for social entrepreneurs nationwide and online

**OTHER POPULAR ONLINE RESOURCES**

A multitude of online resources and repositories are available to support social entrepreneurs at various stages of their journey. Here are some of the most popular that we think you might enjoy! Check out these three websites in addition to those listed above:

**D.I.Y. Toolkit.** Social entrepreneurship planning tools and templates from various sources

**Root Cause.** Research institute generating valuable data and “how to” resources such as business planning

**S.E. Toolkit.** Online hub where you can download resources on various topics

## Common Characteristics in Social Entrepreneurship

There are few essential characteristics that you should know if you want to have an organization that will result with an effective, ascendable, and sustainable social impact.

**Number 1:** Your social organization is your “start-up”, it is a new organization that introduces a new or existing problem and a solution that you want to achieve so you can meet the social needs of the community, i.e., the world. You want to gain a share of the existing consumers, i.e., the deprived community or add a new customer base, which can be, attracting more people to do something for their community. The ambition is to impact a generous number of lives, scale rapidly and disrupt the status quo.

**Number 2:** While financial viability is a key to success, in social entrepreneurship, it is considered a means to an end and not an end in itself. The end goal and the only bottom line of a social venture is its social impact.

**Number 3:** A social entrepreneur aims to tackle the root cause of a problem, and not its symptoms. There have been many efforts to solve a social ill by putting a band-aid on a wound, rather than healing it. Therefore, social entrepreneurs should always ask themselves, does my solution tackle the root cause or is there an upstream factor I could reach for instead?

**Number 4:** The number 1 rule of social entrepreneurship is: Do not let your desire to be a social entrepreneur become a delusion of grandeur, superiority, or supernatural powers! Social products or services should be designed with input from the targeted population if we want it to be effective, accessible, and scalable.

<i>Social entrepreneurship is...</i>	<i>Skills required...</i>
Disruptive Ambitious, scalable Financially viable	The Entrepreneurship Component:  Innovation and Business Skills
Evidence based Accessible to target population Effective in addressing root causes of the problem	The Social Component:  Social Service Skills

### **Basic Skills Needed for Social Entrepreneurship**

The basic skills for social entrepreneurs are changing quickly and to stay relevant we have to track them if we want to succeed.

Some of the basic and most important skills are the following:

- Innovation & Creativity- eases the process of finding better methods and means to deliver products and services. It requires constant practice and training.
- Data Analysis- the world is encircled with info and data that come from all around and we have to understand it if we want to be more effective. Social entrepreneurs should be able to transform data into programs, policies, projects and actions.

- Project Managing- helps social entrepreneurs to create urgency around the milestones of the project and by that staying adaptable and open to potential areas of risks. It also develops accountability and gives responsibility.
- Beneficiary centered approach- understanding how people use the solutions and the programs given, through observation, analyzing, focus groups, interviews etc. Having this skill means that you truly are a helper and not the expert.

What we mustn't forget are the main skills a true entrepreneur has and those are leadership, optimism perseverance, passion, hard work, resilience when facing obstacles or challenges and even failures, empathy and emotional/social intelligence.

To build all of these skills, first of all you have to be aware that it is an ongoing learning process, and you are the one who will have to find the opportunities to deepen your knowledge and skills, and then be prepared to transfer that knowledge through mentoring and coaching your future team.

Practice makes perfect, practice makes the master.

Don't forget to build a culture of change, to share your failures, share your success and celebrate them!

### **A Success Story - Muhammad Yunus' Story**

Muhammad Yunus is a social entrepreneur, banker, economist and civil society leader from Bangladesh. His observations in a Bangladesh village in 1974 was that craftspeople were skilled but limited by credit availability. He saw an opportunity which was micro loans, with no collateral and low interest, that could improve their lives.

The results he got were very high loan repayment and creation of the Grameen Bank and this was adopted nationwide.

The recognition was that Professor Yunus won the 2006 Nobel Peace Prize and Grameen became a famous model of Social Entrepreneurship.

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[92: Social Entrepreneurship with Adam Force - The How of Business - How to start, run & grow a small business. | Podcast w Spotify](#)

[How social entrepreneurship will change the world | Erica Wenger | TEDxUSC](#)

[SPEAK | Portugal Finalist | Chivas Venture 2019](#)