

Social Enterprise and Social Entrepreneurship: Conceptual Clarity and Implication in Nepalese Context

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Abstract

Purpose- *The purpose of the paper is to communicate the concepts, focus and framework of social enterprise prevailing in international arena and recommend some of the research issue that can be contextualized in Nepalese setting for reaping growing importance of the issue.*

Design/Methodology/Approach- *This paper is an analytic review, building on previous work.*

Findings- *The varying definitions of social enterprise is found not an abnormal phenomenon as it differs according to author's perception and context in which research is conducted. However, the generic ingredient of the concept of social enterprise is to create a positive and sustainable social impact which I believe is more powerful than promotional campaign and neuromanagement.*

Research limitation/Implication - *The research paper helps to disseminate the diverse viewpoints on social entrepreneurship/enterprise and provokes the need for open discourse on the topic among Nepalese academicians and business community.*

Originality/Value- *The research paper has suggested some of the research issues and models in which future research on Nepalese perspective could be conducted.*

Keywords *Social enterprise, Social entrepreneurship, Nepal*

Introduction

Social entrepreneurship means different things to different people, creating great confusion in the literature and practice (Zahra et al., 2008). However it has been an emerging and global phenomenon that influences the society through innovative approaches for solving social problems. (Robinson, 2006). Thus it is imperative to synthesize the diverse viewpoint, observation and findings to reap the possible future

benefit of the field for researchers and business.

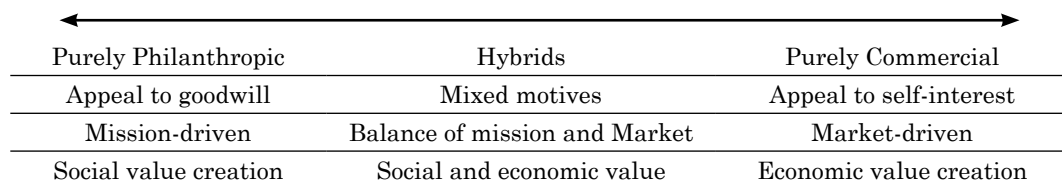
Social entrepreneurship is a new phenomenon (Zietlow, 2002). Zahra et al. (2008) discuss four key factors that fuel the globalization of social entrepreneurship. They are global wealth disparity; movement of corporate social responsibility; market, institutional and state failures; and technological advances and shared responsibility. The definitions of social entrepreneurship are generally organized on the basis of mission, multiple dimensions, and operational process or mechanism.

Some scholars consider the mission when defining social entrepreneurship. For instance, Dees (2001) believes that social entrepreneurs “play the role of change agents in the social sector, by embracing a mission to build 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, and demonstrating heightened accountability to the constituencies served and for the outcomes created.”

Some scholars consider social entrepreneurship as a multi-dimensional construct. Mort et al. (2003, p. 76) believe that social entrepreneurship is a multi-dimensional construct involving the expression of entrepreneurially virtuous behavior to achieve the social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognize social value-creating opportunities and key decision-making characteristics of innovativeness, proactiveness and risk-taking.”

Some literature considers social entrepreneurship as the process to change the world. Roberts and Woods (2005, p. 49) consider social entrepreneurship is “the construction, evaluation and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated individuals.” Mair and Marti´ (2006) view social entrepreneurship in a wider way, as a process involving “the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs.”

The social enterprise is also viewed through the lens of social enterprise spectrum that ranges from purely philanthropic to purely commercial. All the business organizations established in the world can be placed along the spectrum. However, the concern of academicians and business organizations are tilt towards the enterprises that appeal to goodwill, is driven by mission and most importantly focus on social value creation rather solely on economic value creation.

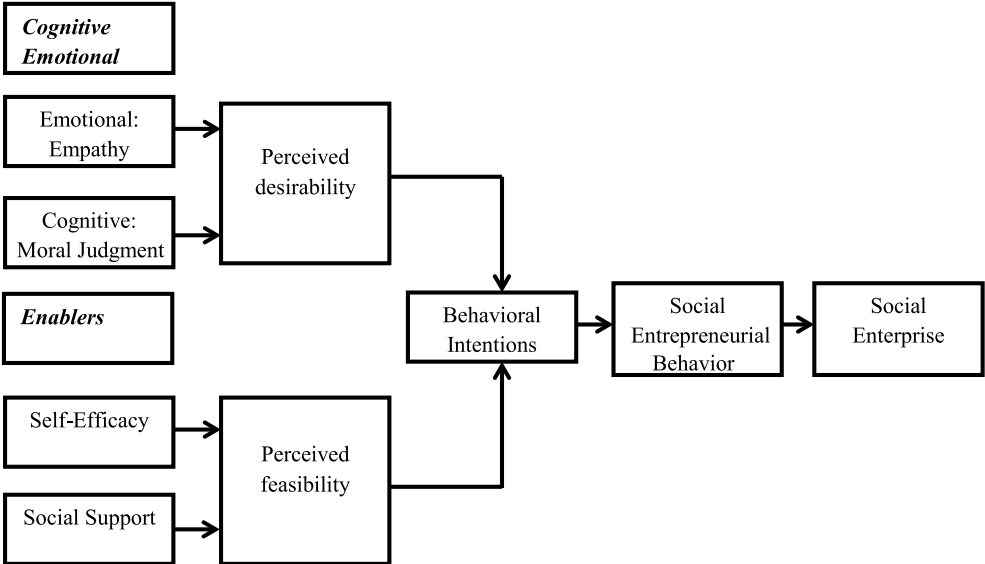


Theoretical foundation and Models

Articles on social enterprise have drawn on theoretical perspectives from anthropology, economics, psychology and sociology (Short et al., 2009). For example, institutional theory, particularly institutional entrepreneurship (DiMaggio, 1988), has been employed to explain the complexities of the organization and management of

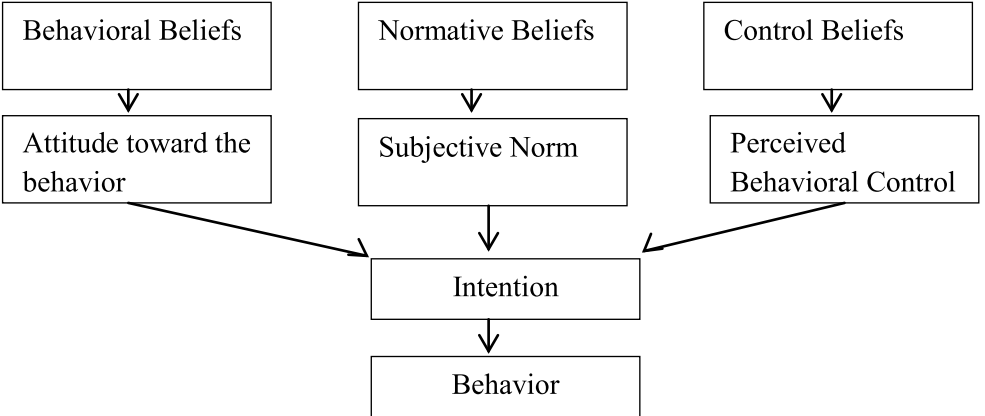
social enterprise (Mair and Marti, 2006) and structuration theory (Giddens, 1984) has been employed to examine the social construction of social enterprise (Chell, 2007). Within the domain of business and management, scholars have borrowed theories from the fields of accounting, management, marketing, and operations management (Short et al., 2009). For example, theories to explain networks, social capital and resource acquisition have been applied to social enterprise (Mair and Marti, 2006). Some of the theoretical foundations and models of social enterprise and social entrepreneurship are illustrated as below.

a) Social Entrepreneurship Intention Model



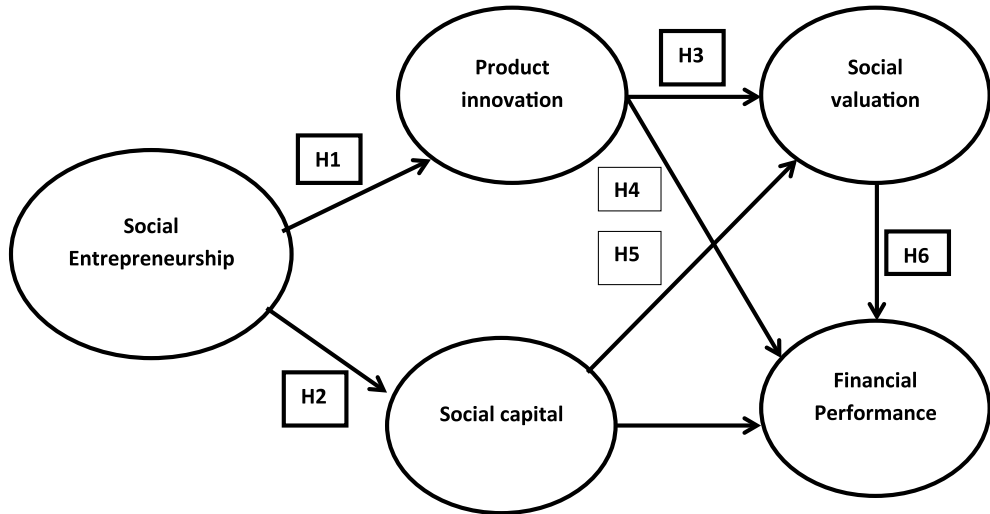
Source: Mair and Noboa(2006)

b) Theory of Planned Behavior



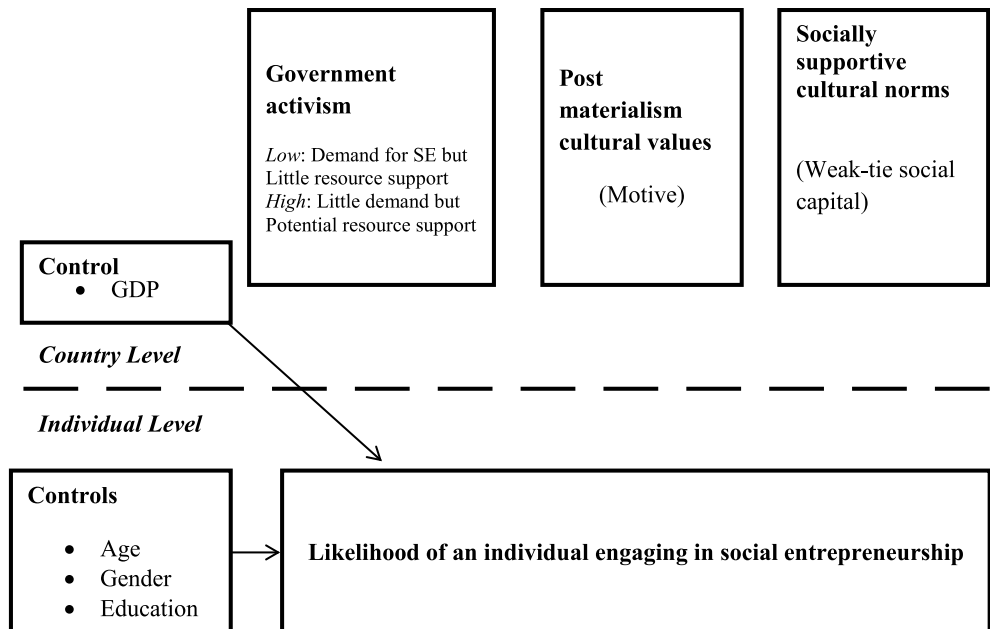
Source: Ajzen (1996)

c) **Value Creation Mechanism of Social Enterprise in Manufacturing Industries**



Source: Son et al., 2017

d) **Institutional drivers of Social Entrepreneurship**



Source: Stephan et al., 2015

Review of Articles

Author	Conceptual orientation
(Waddock and Post, 1991).	An individual who plays a critical role in favoring “catalytic change”

Author	Conceptual orientation
(Clotfelter, 1992)	Address the needs of the most fragile segments of society, as they put more emphasis on the dimension of general-interest when compared with traditional non-profit organizations and especially donative non-profit organizations.
(Dees, 1998)	Social entrepreneurship is located strictly in the non-profit sector and it refers to the adoption of entrepreneurial approaches in order to earn income.
(Dees, 1998).	Mission-related impact rather than wealth creation becomes the central criterion characterizing social entrepreneurs
(Dees, 1998)	Aim to create and sustain social value
(Pestoff, 1998)	The public sector's increasing inability to satisfy demand and quality expectations stimulated the emergence of the first social enterprises in social services in the 1980s.
(Reis, 1999).	It implies the adoption of business practices exclusively by non-profit organizations
(Johnson, 2000)	Social entrepreneurs are leaders in the field of social change and can be found in the private, public, and non-profit sectors
(Johnson, 2000).	Social enterprises are conceived of as specific institutions and more generally as a facet of social entrepreneurship, which is used as an umbrella term encompassing a set of initiatives and societal trends
(DTI, 2002, p. 13).	A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners"
(Hulgard and Bisballe, 2004).	"Social enterprise" (social virksomhed) as a concept is still new in Denmark; it is just about to enter common vocabulary and Danish discourses on social cohesion.
(Bornstein, 2004),	Research has adopted an actor-centred perspective that has focused on describing the characteristics and qualities of social entrepreneurs.
(Borzaga and Tortia, 2005).	Distinction between social and commercial entrepreneurship rather than being strictly dichotomous should be conceptualized along a continuum that ranges from purely social to purely economic, with elements of both still to be found at the extremes
(Peredo and McLean, 2006).	It can be said that definitions of social entrepreneurship and social enterprise vary to a great extent at the international level with a number of authors using the two interchangeably
(Nicholls, 2006)	Capacity of addressing social issues in innovative and creative ways.
(Ashoka Foundation, 2007; Schwab Foundation for Social Entrepreneurship, 2006)	Impact produced on society at large.
(Austin et al., 2006).	Whereas commercial entrepreneurship is attracted by large or growing market sizes that can provide for profitable opportunities, social entrepreneurship is attracted by an unmet need, demand, or market failure, which is to say by the opportunity for social change

Author	Conceptual orientation
(Weerawardena and Sullivan Mort, 2006).	Need to develop an adequate and complete theoretical framework, which inevitably presupposes the overcoming of the still over-fragmented and country-specific literature in the field of <u>social entrepreneurship</u>
(Kerlin, 2006).	It should be noticed that much of the practice termed as social entrepreneurship and social enterprise in the USA focuses on <u>revenue generation</u> .
(Haugh, 2012).	Social enterprise has emerged as a phenomenon of practical and theoretical significance and has attracted the attention of practitioners, policy makers and scholars around the world. The global significance of social enterprise has been recognized twice by Nobel committees: first, when the peace prize was awarded to Muhammad Yunus for his work in 2006 on social microfinance in reducing poverty, and second when the economic sciences prize was awarded to Elinor Ostrom for her <u>work on economics and communities in 2009</u> .
(Ko and Kong, 2012).	Offer an integrated framework of prospect theory, institutional theory and threat-rigidity hypothesis to propose that the prospects of social enterprises depend on the <u>isomorphic or non-isomorphic actions of social entrepreneurs</u> .
(Chan et al., 2011).	In both Hong Kong and Taiwan, social enterprises are created <u>mostly to address unemployment and for poverty alleviation</u>
(Sengupta, 2017)	In South Asian countries, research on social entrepreneurship is concentrated mostly in India, followed by Bangladesh and Sri Lanka. The search did not generate results for Afghanistan, <u>Bhutan, Nepal, Pakistan and Maldives</u> .
(Harvard Business Review, 2015)	The act of envisioning a new future begins with belief in the power of human beings to transform their lives. Effective change agents bring to life what a new equilibrium can mean <u>for those most disadvantaged by the current system</u> .
(Harvard Business Review, 2018)	Disproportionately high numbers of ventures that emphasize social impact seem to be founded by women. This could be because female founders are more likely to care about social issues than men.

Nepalese Context

The concept of social entrepreneurship is fairly new, but is gaining momentum lately. There are a lot of these social entrepreneurs in Nepal, who are changing lives and contributing to development and nation building but most of us do not even know about them.

There are entrepreneurs working in various parts of the country. But, they may be lacking market, knowledge and technical knowhow. Various programs need to be conducted at national and local level to bring those hidden entrepreneurs into limelight.

There is huge potential and implication of formulating research model and business model of social enterprise and social entrepreneurship that fits in Nepalese Context. Due to political instability, policy instability, lack of infrastructure of development and other inhibitors of development, the importance of business model

with social impact is of escalating importance. As the research based on western and European context focus on the process of creating and sustaining the social value. Moreover, the definition of social value differs as society changes.

Thus, the Nepalese research on social enterprise and social entrepreneurship shall focus on following aspects

- The perception regarding the social value and its constituents.
- Study on nonprofit enterprises and their contribution to eradication of social problems.
- The informal social organizations and their contribution to specific social need.
- The philanthropic contributions of business organization to society.
- The relationship of gender and success in social enterprises.
- The degree of inclination of prevailing national laws on favor of social entrepreneurship.
- The hurdles faced by social enterprise owners during formation and operation of socially inclined business.
- The legal status/modality and regulation of social enterprise.
- The role of social enterprises in economic development of a nation.
- The review of current initiatives taken by universities in incorporating social enterprise and social entrepreneurship issues in curriculum.
- The model of social enterprise in federalism structure.

Social Entrepreneurs in Nepal

Name	Organization	Region of impact	Sector	Model
Anumula Rama	Rishi Valley Institute for Educational Resources (RIVER)	India, Germany, Bangladesh, Ethiopia, Nepal	Children and Youth, Education	Leveraged Non-Profit
Arnoldy Mark	Possible	Nepal	Health	Leveraged Non-Profit
Bhattarai Meera	Association for Craft Producers	Nepal	Enterprise Development, Trade	Social Business
EnayetullahIft ekhar	Waste Concern	Bangladesh, Cambodia, Nepal, Sri Lanka, Vietnam	Energy, Environment, Technology, Waste Management	Hybrid Non-Profit
Ganju Erin	Room to Read	India, Bangladesh, Cambodia, Laos, Nepal, South Africa, Sri Lanka, Tanzania, Vietnam, Zambia	Education	Leveraged Non-Profit
Maru Duncan	Possible	Nepal	Health	Leveraged Non-Profit
MutawaNaif	The 99	China, India, Middle East, Turkey, Bangladesh, France, Indonesia, Nepal, Sri Lanka, Taiwan, Hong Kong	Children and Youth, Communication / Media	Social Business

Name	Organization	Region of impact	Sector	Model
Santoso Tosca	Kantor Berita Radio KBR68H	Australia, Afghanistan, Bangladesh, Burma, Cambodia, Indonesia, Nepal, Pakistan, Philippines, Thailand	Communication / Media	Social Business
Sinha A. H. Md. Maqsood	Waste Concern	Bangladesh, Nepal, Cambodia, Vietnam, Sri Lanka	Energy, Environment, Technology, Waste Management	Hybrid Non-Profit
Underhill Chris	Basic Needs	China, India, Ghana, Kenya, Laos, Nepal, Pakistan, Sri Lanka, Tanzania, Uganda, Vietnam, South Sudan	Health	Leveraged Non-Profit
Yerravalli Anantha Padmanabha Rao	Rishi Valley Institute for Educational Resources (RIVER)	Nepal, Ethiopia, Bangladesh, Germany, India	Children and Youth, Education	Leveraged Non-Profit

Source: Schwab Foundation for Social Entrepreneurship, 2018

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