



Social Entrepreneurship: Dimensions of Opportunity Tracing Framework

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Abstract: The objective of this paper is to come up with a theoretical framework that would identify different factors that Social Entrepreneurs can use in their respective opportunity tracing processes, so that they can have a holistic view of looking at the opportunity in the context of introducing a change to an unjust equilibrium in a sustainable way. It examines how opportunity is seen through three dimensions, namely (1) the goal of the Social Entrepreneur, (2) the role of the Social Entrepreneur, and (3) business models that will sustain the social entrepreneurship processes. Further studies is needed to be able to add more dimensions on opportunity tracing process from the vast literature available about social entrepreneurship.

Key Words: social entrepreneurship; social entrepreneur; opportunity;

1. INTRODUCTION

This paper presents how Social Entrepreneurs' identify opportunities that drive change in an unjust social equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity in a sustainable way.

It examines how opportunity is seen through three dimensions, namely (1) the goal of the Social Entrepreneur, (2) the role of the Social Entrepreneur, and (3) business models that will sustain the social entrepreneurship processes.

Social Entrepreneurship make significant and diverse contributions to their communities and societies. In order to ensure that they provide creative solutions in a sustainable manner, the social entrepreneurship should have a theoretical framework of identifying opportunities that matches their own personal set of beliefs, competencies and resources. This will allow them to focus their energies and identify opportunities that are within their scope and align

with other stakeholders who can complement their limitations.

In order to ensure sustainability, the Social Entrepreneur need to understand how to sustain entrepreneurial success. The Social Entrepreneur needs an appropriate business model to allow the proper financing, organization and delivery of the social value proposition. The Social Entrepreneur also needs to align his specific set of competencies and ethical thinking and display the ability to put in the right governance and control to regulate their behaviours and that of the organization they will form in order to meet their organization's goals.

The opportunity also needs to be tested for relevance in relation to the Social Value Proposition in order to creatively renew the value proposition.

The objective of this paper is to come up with a theoretical framework that would identify different factors that Social Entrepreneurs can use in their respective opportunity tracing processes, so that they can have a holistic



view of looking at the opportunity in the context of introducing a change to an unjust equilibrium in a sustainable way.

2. METHODOLOGY/REVIEW OF RELATED LITERATURE

This is a qualitative research and articles gathered are secondary data from the DLSU library online.

Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the solution, and persuading entire societies to take new leaps” (Ashoka, 2010).

Social Entrepreneurs make significant and diverse contributions to their communities and societies, adopting business models to offer creative solutions to complex and persistent social problems (Zahra et. al, 2009) However, according to Light (2008), “as a field of inquiry, the study of social entrepreneurship is barely past its infancy.” (Swanson & Zhang, 2010)

It is important to review the existing and historical work on opportunity tracing so that Social Entrepreneurs can look at key success factors that will allow them to bridge the opportunity gap in a sustainable way.

Factor 1: The goal of the Social Entrepreneur

There are various literature that necessitates the need for a goal and mission for Social Entrepreneurs.

“As pointed out by Light (2008), although researchers have not agreed upon a definition for social entrepreneurship, they have generally reached consensus on its goal. Social entrepreneurship strives to change the social equilibrium (Douglas, 2008; Light, 2008)”. (Swanson & Zhang, 2010)

A similar goal was proposed by Martin and Osberg, that social entrepreneurship can be

distinguished by having three components: (1) an ability to identify “a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity”, (2) an ability to identify an opportunity in this unjust equilibrium and develop a social value proposition, and (3) willingness to take action in order to forge “a new, stable equilibrium that releases rapped potential or alleviates the suffering of the targeted group... and even the society at large.” (Makhlouf, 2011)

As Andy Horsnell (2010) observed, a “social enterprise is not balancing the double bottom lines of profit and social impact as though they are equally important. The real bottom line for a social enterprise, the goal by which its success should ultimately be evaluated, is its social (or environmental) impact; and being profitable (or at least financially sustainable) is the entirely necessary means to that end. Of course, there can be no social mission without money, but the first goal is mission. (Makhlouf, 2011)

Having the goal in mind will give the Social Entrepreneur a sense of purpose in terms of identifying the opportunity that they will commit themselves to, and for the rest of their organization to believe in.

Factor 2: The Role of the Social Entrepreneur

It is also important to understand the role that the Social Entrepreneur will play over the life of the Social Entrepreneurial process. According to Dees (1998 & 2001), 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; and
- Exhibiting heightened accountability to the constituencies served and for the outcomes created

In this context, there is a need to continuously pursue new opportunities to serve the goal or mission of the Social Entrepreneur. There is a need to



continuously be on the look-out for new opportunities.

Factor 3: Business Models that will sustain the social entrepreneurship process

One criticism of the Dees (2001) criteria is that they do not include earned income. According to Boschee (2008), this oversight enables some organizations to claim to be socially entrepreneurial without the need to maintain sustainable or self-sufficient operations. Boschee argued this is inconsistent with the view that social entrepreneurs are as passionate about their self-sufficiency as they are about their social mission. (Swanson & Zhang, 2010)

Adapted from Swanson & Zhang, 2010, Social entrepreneurs do not want to be perpetually dependent upon the generosity of others as they pursue their mission. They view their venture’s sustainability through self-generated revenue as a key to protracting their socially conscious work. Unless organizations with missions to fulfil social needs are also self-sustaining through their own earned income – or through a combination of earned income, philanthropy, and subsidies – they cannot be considered to be socially entrepreneurial (Boschee, 2008).

The Social Entrepreneur needs to sustain its operation by lessening its dependency on external benefactors. This will allow the Social Entrepreneur a greater sense of independence and will not be pressured unnecessarily by ulterior motives of external benefactors.

According to Dees and Battle Anderson (2006), that there is a “full range of business models available to social entrepreneurs, from purely philanthropic to purely commercial, with many variations in between” (Swanson & Zhang, 2010).

However, as Eikenberry (2009) observed, unlike philanthropic foundations that often follow the “transactional model” of fund-raising, social entrepreneurships have to follow the “transformational model which commensurate with their nature as innovative enterprises. (Makhlouf, 2011)

Aside from the financial aspect and economic sustainability of the business model, the

operational model, strategies and organizational plan also needs to be considered to realize the opportunity. There is also a need to examine the sociological aspects behind the exploitation of social entrepreneurial opportunities.... (Robinson, 2006)

Table 1 presents the literature map of available social entrepreneurship definitions from secondary data procured through the DLSU library and their partner providers.

3. PROPOSED THEORETICAL FRAMEWORK

The proposed theoretical framework is presented in Figure 1. This is an integrated approach in identifying the social entrepreneurs’ opportunity using the various models presented by scholars in the review of related literature. Although there are much mention of opportunity recognition in the literature, there are scarcely few opportunity tracing frameworks available. There are initially three factors that helps identify the opportunity, namely: (1) role of the social entrepreneur as a change agent (Dees, 1998), (2) the goal of the social entrepreneur (Martin & Osberg, 2007 and Weerawardena & Mort, 2006), and (3) business models (Mair & Marti, 2006 and Weerawardena & Mort, 2006).

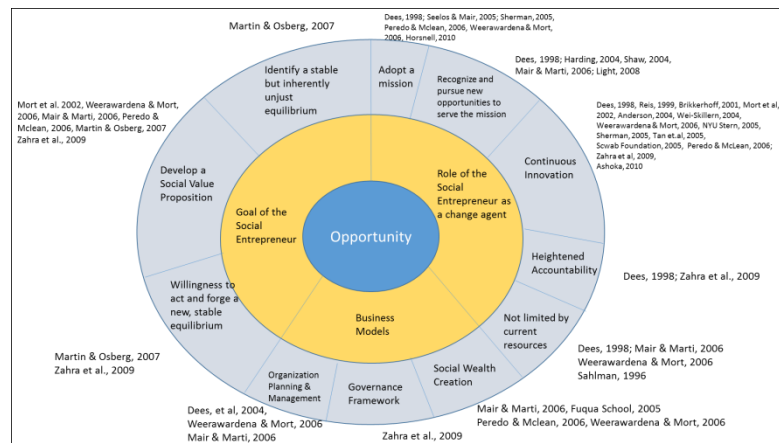


Fig. 1. Proposed Theoretical Framework



The goal of the social entrepreneur as defined by Martin & Osberg, 2007, are as follows: identify a stable but inherently unjust equilibrium, develop a social value proposition and willingness to act and forge a new, stable equilibrium. In the second goal, various authors supports the importance of social value proposition in opportunity tracing. (Mort et al. 2002, Weerawardena & Mort, 2006, Mair & Marti, 2006, Peredo & Mclean, 2006, Zahra et al., 2009).

All of the articles cited Dee’s definition, one way or another in most of the articles available in Social entrepreneurship. The role of the social entrepreneurs as a change agent. The adoption of a mission is a primarily important in the opportunity tracing process. This is supported by Peredo & Mclean, 2006, Seelos & Mair, 2005, Sherman, 2005, and Horsnell, 2010. In order to recognize and pursue new opportunities to serve the mission, it is important to know new ways of combining resources in order to create social value by social change stimulation. As described by Sherman, the opportunity in his entrepreneurial process framework, there are three stages by which a social entrepreneur identifies opportunity, namely: for start-up, development and scale stage. They have adapted Shane’s framework for two type of opportunities, Kirznerian and Schumpeterian. Identification of the social problem will be easily determined when the entrepreneur have a better access to information and knowledgeable on the long-term developments in the environment.

Continuous innovation is a major role of a social entrepreneur that is highly supported by literature. (Dees, 1998, Reis, 1999, Brikkerhoff, 2001, Mort et al, 2002, Anderson, 2004, Wei-Skillern, 2004, Weerawardena & Mort, 2006, NYU Stern, 2005, Sherman, 2005, Tan et.al, 2005, Swab Foundation, 2005, Peredo & McLean, 2006; Zahra et al, 2009, Ashoka, 2010). Employing innovation, ranging from outright invention to adapting various processes that would address the social needs would help create social value for targeted organizations or people.

In any organization, there are always limited resources and the challenge for social entrepreneurs is to find creative ways in order to maximize the sourcing and uses of resources, including volunteered services that is much needed.

Community involvement is a challenge for the social entrepreneurs because without their support, it would be very difficult to move forward. With a heightened accountability, the total wealth standard presented by Zahra, would be helpful for donors to monitor and account for the results of the social entrepreneur. Transparency between key stakeholders is important so that the organization will be able to achieve their social objectives.

There are various business models that can be applied in order to create social wealth. By properly organizing and managing an organization, this will help in the sustainability of the identified opportunity or social concern that the organization wishes to address.

Table 2. Social Entrepreneurship Definitions Literature Map

Social Entrepreneurship Definition	Authors
Create & Sustain Social Value	<ul style="list-style-type: none"> • Dees, 1998 • Austin, Stevenson & Wei-Skillern, 2006 • Peredo & McLean, 2006 • Zahra, Gedajlovic, Newbaum & Shulman, 2009 • London & Morfopoulos, 2010 • Sommerrock, 2010
Social Mission	<ul style="list-style-type: none"> • Dees, 1998 • Mair & Marti, 2006 • Light, 2008
Social Wealth	<ul style="list-style-type: none"> • Venkataraman, 1997 • Zahra, Gedajlovic, Newbaum & Shulman, 2009 • Dacin, Dacin & Matear, 2010
Social Needs	<ul style="list-style-type: none"> • Leadbeater, 1997 • Boshchee, 2003 • Seelos & Mair, 2005
Social Value Proposition	<ul style="list-style-type: none"> • Martin & Osberg,



Sustainability	<ul style="list-style-type: none"> • 2007 • Weerawardena & Mort, 2006 • Schwab Foundation, 2007 • Neck, Brush & Allen, 2009 • Makhoulf, 2011
Unjust Equilibrium	<ul style="list-style-type: none"> • Martin & Osberg, 2007
New Stable Equilibrium	<ul style="list-style-type: none"> • Martin & Osberg, 2007 • Light, 2008
Social Change New Opportunities	<ul style="list-style-type: none"> • Dees, 1998 • Dees, 1998 • Mair & Marti, 2006 • Light, 2008
Process	<ul style="list-style-type: none"> • Mair & Marti, 2006 • Bornstein & Davis, 2010 • Dacin, Dacin & Matear, 2010
Pattern-changing	<ul style="list-style-type: none"> • Sherman, 2005
Innovation	<ul style="list-style-type: none"> • Dees, 1998 • Sherman, 2005 • Peredo & McLean, 2006 • Zahra, Gedajlovic, Newbaum & Shulman, 2009

4. CONCLUSION/FURTHER STUDY

The study is limited to the available literature upon the writing of this paper. Future research is needed to be able to integrate other possible dimensions of opportunity tracing process. A review of business models, particularly the governance framework would address the ethical concerns of social entrepreneurship. Furthermore, regarding the effectiveness of the proposed theoretical framework is necessary, leaving a need for empirical examination. I hope that this model can become a useful framework for other scholars to initiate further studies.

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