

Social Entrepreneurship - A solution to societal challenges

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Abstract

It is widely accepted that Government and the conventional entrepreneurs cannot adequately meet all citizens' social needs especially in developing countries, hence the need for social entrepreneurship to fill this gap. Immense social entrepreneurship researches have tended to focus on renowned social entrepreneurs' experiences, personal characteristics and success factors. This study attempted to investigate how social entrepreneurship alleviates societal challenges in Uganda basing on four social entrepreneurship cases. The findings reveal that social entrepreneurship through; social motive, social opportunity exploitation, innovation and resource mobilization alleviates societal challenges. Policy makers should provide enabling environment; and encourage conventional entrepreneurs enlist corporate social responsibility.

Key words: Social entrepreneurship, social opportunity, social motive, innovation, resource mobilization, societal challenges.

Introduction

The Ugandan society like many other developing economies faces numerous societal challenges, with an estimated 31% of the total population living below the national poverty line, (Ministry of Finance, 2007/08, UBOS, 2007). Uganda is also characterized by high school dropouts' rates, decreasing primary education completion rates, high HIV/AIDS prevalence leading to huge number of orphans. Notwithstanding lack of access to clean water and limited medical facilities, diseases like malaria, dysentery, cholera and malnutrition rank high. Further still, the challenges as a result of internal strife, for instance the 20 year-long Lords Resistance Army (LRA) insurgency in northern Uganda which displaced approximately 1.3million people, aggravates the above sited social challenges in the affected areas. Consequently, many people cannot access basic needs like water, food, shelter, clothing, education and health services.

One may argue that there is nothing new about these societal challenges, except their magnitude. Counter arguments may also be made that government through public goods and services; and conventional entrepreneurship can solely provide remedies to these challenges. The government has introduced a number of programs (like 'bwonabagagawale'- prosperity for all, universal primary and secondary education, cost sharing medical facilities, etc.) aimed at addressing some these challenges. At the same time, Uganda is endowed with very high rates of entrepreneurship (Walter *et al.*, 2003) however there are still pressing societal needs and challenges. It should be noted that Uganda is characterized by not only high unemployment rates but also by the lack of social security safety nets. In order to survive, individuals who fail to find employment are pushed into entrepreneurship (Walter *et al.*, 2003). We contend that, firstly, conventional entrepreneurship cannot solely solve all the needs of a society. Secondly, it is not possible for every person to engage in productive entrepreneurship or seek employment in order to survive, due to variations in resources and capabilities among other reasons. To fill the societal

needs and challenge gap not catered for by either government or the outcomes of conventional entrepreneurship, social entrepreneurship has attempted to bridge this gap.

While the concept of social entrepreneurship is relatively new, initiatives that employ entrepreneurial capacities to solve social problems have existed throughout history (Shaw & Carter, 2006). However, most literature in social entrepreneurship have tended to focus on renowned social entrepreneurs' experiences, personal characteristics, leadership and success factors (Alvord, Brown & Letts, 2004; Leadbeater, 1997; and Thompson, 2002). There is insufficient literature about social entrepreneurs' actions and outcomes specifically in Uganda. For instance, Plater – Zyberk (2006) looked at the propelling personal experiences of 12 quality social entrepreneurs in UK. Others have investigated the characteristics of social entrepreneurship and how it is successfully practiced (Peredo & McLean, 2005; Urban, 2008). More still, the majority of social entrepreneurship studies are not based on clear theoretical underpinnings except Alvord *et al.*, (2004); and Mair and Marti (2006). Consequently, the available social entrepreneurship studies are constrained by generalizability, and we cannot develop coherent theorization of social entrepreneurship without clear theoretical underpinnings. We therefore contend that social entrepreneurship is more than individual characteristics; it is about their actions, the impact of these actions on societies and should be investigated using clear theoretical underpinnings.

Despite growing importance in social entrepreneurship, knowledge of this phenomenon on Uganda remains limited in literature. The central thesis of this paper is that social entrepreneurship provides remedies for societal challenges. We attempt to investigate how social entrepreneurship helps the disadvantaged persons in society break away from their unprivileged position. The rest of the paper is structured as follows; we begin with a theoretical frame work utilized, preceded by the research methodology employed. The results and discussions then follow; we conclude and suggest recommendations for adoption by policy makers in the last section.

Social Entrepreneurship

The term “social entrepreneurship” has appeared in the literature in different contexts such as ‘social economy’ (Peredo & McLean, 2006), ‘activist movements’ (Gawell, 2007), ‘environmental movements’ (Taylor & Walley, 2003) or ‘sustainable economy’ (Mair & Seelos, 2007). Just like the conventional entrepreneurship, there is a lack of consensus concerning the conceptualization of the social entrepreneurship construct; it remains an elusive concept and much of the literature continues to search for a unifying definition (Mair & Marti 2006; Shaw & Carter, 2007). For the purpose of this study, we define social entrepreneurship as the process of applying business-like, innovative approaches to social problems to make a difference. This definition draws from the works of Alvord *et al.*, (2004); Dees (1998); Gawell (2007); Mair and Marti (2006); Peredo and McLean (2006); Shaw and Carter, (2007); and Weerawardena and Mort (2006). What differentiates social entrepreneurship from the conventional entrepreneurship is the purpose. While conventional entrepreneurship is economically driven, social entrepreneurship creates social value. However, this does not mean that economic value cannot be realized from business arms of social enterprises.

Social entrepreneurs and their undertaking are driven by social goals (Peredo & McLean, 2006). In the same spirit, Mair and Marti (2006) indicate the desire to resolve societies' unmet needs as one of the crucial factors leading to emergence of social entrepreneurship. This is especially true for social welfare, where the government involvement is rather limited, perhaps due to resources constraints. As such, social enterprises are change agents with a problem solving mission. The social mission aspect is the core of what distinguishes social entrepreneurs from business entrepreneurs (Dees, 1998). Shaw and Carter (2007) echoed this sentiment noting that social entrepreneurs are like the business entrepreneurs only that what drives them is social improvement and not profits. Alvord *et al.*, (2004), add that making profits are means to a social end and not to the end in itself. Therefore, social mission is explicit and central for social entrepreneurs

Theoretical framework

Rather than presenting a 'new' model to test the stated research question, a framework approach was adopted. In this context, two applicable theoretical frameworks are briefly summarized. These frameworks are then employed to conceptualize social entrepreneurship as a means of solving societal challenges.

The general entrepreneurship theory

Taking the classical view point, two basic trends can be observed from the field of entrepreneurship. The first stemmed from the work of Turgot and Say (1803) and considered the entrepreneur to be the one who creates and develops new businesses. In order to create and develop a business, one has to start with recognizing an exploitable opportunity (Shane, 2003). The second takes the view of Cantilon and Schumpeter, namely the entrepreneur is an innovator.

Opportunity has been acknowledged as a key component of entrepreneurship (Shane & Venkataraman, 2000). The general entrepreneurship theory posits opportunities as situations in which to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously had not existed (Shane, 2003). Hansen, Hill and Lumpkin (2005) points out that what most literature in entrepreneurship calls "opportunity recognition" appears to include three distinct processes: (1) sensing or perceiving market needs and/or underemployed resources, (2) recognizing or discovering a "fit" between particular market needs and specified resources, and (3) creating a new "fit" between heretofore separate needs and resources in the form of a business concept. However, this is not limited to the conventional entrepreneurship. Mair and Marti (2006) state that the key distinguishing feature of social entrepreneurship is that the social entrepreneur's focus is the pursuit of opportunities to address social needs. Opportunity recognition can be viewed from two perspective, there is the discovery perspective of Kirzner (1997) which views opportunities as existing facts (Shane & Venkataraman, 2000), which need someone to notice them. The other perspective is the creation theory of Schumpeter (1942) which states that opportunities are 'framed' or created by the entrepreneur.

Numerous researchers have suggested that innovation is a key characteristic of social entrepreneurship (Alvord *et al.*, 2004). Leadbeater (1997) argues that while it is possible to be a successful entrepreneur without being innovative, in most cases, social enterprises use innovative methods to satisfy social needs and mobilizes resources by identifying underutilized resources- people, buildings, equipment and finding ways of using them to satisfy social needs; innovate new welfare services and new ways of delivering existing services. Grenier (2002) cites that social entrepreneurs are the midwives of invention and find innovative solutions to society's most pressing problems. In Grenier's work, innovation was understood as a way to transform communities and society as a whole at a higher level. This is consistent with Schumpeter's (1942) original ideas about the function of entrepreneurship which is to transform industries and create economic progress in society. However, as Schumpeter notes, innovation can take many forms. It does not necessarily require inventing something wholly new; it can simply involve applying an existing idea in a new way or to a new situation. Therefore, social enterprises' innovations may appear in how they structure their core programs or in how they assemble the resources and fund their work.

The resource dependency theory

According to the resource dependency theory, organizations are dependent on resources to achieve their goals and must develop relationships with those that control these resources (Meyskens, Carsrud, and Cardozo, 2008). This theory posits that organizations have varying degrees of dependence on the external environment, particularly for the resources they require to operate. This therefore poses a problem of organisation facing uncertainty in resource acquisition (Aldrich, 1999) and raises the issue of firm's dependency on the environment for critical resources.

The resources mobilized in social entrepreneurship include; finance resources (grants, in-kind donations, venture philanthropy, loans and partnerships); human resources (volunteers, staff, and managers); social capital resources; and physical resources (land, buildings and equipment), to further

their mission of creating social value. If an organization has greater access to greater human, social and financial resources, then they will increase their ability to create more social value. However, previous social entrepreneurship researches report that social enterprises do not let their limited resources constrain them from furthering their mission. They are forced to be more innovative in securing financial, human, and social capital resources (Dees, 1998; Mair & Marti, 2006). For instance, making use of underutilized resources (human and physical) may cut down operational costs.

Methodology

We employed a qualitative research method. This approach allowed us to get close to participants, penetrate their realities and generate an understanding of social entrepreneurship as a solution to societal challenges. An interview guide was utilized to collect the data. The interview involved asking open ended questions and probing wherever necessary to obtain data deemed to be useful by the researchers. This provided flexibility to follow different paths opened by the respondent's answers and the interaction between the interviewer and interviewee stimulated ideas and associations on both sides, thus creating a rather dynamic process. The interviews were held with the founding entrepreneur.

The study involved four (4) organizations herein referred to as social entrepreneurship cases in Kampala (the capital city of Uganda) that satisfied the definition of social enterprises i.e. a nonprofit organization that uses business approaches to further a social mission and create social value. These organizations were purposively selected because they were identified as 'rich in data'. This approach was found reliable by previous researchers (Shaw & Carter, 2007). Responses from the interviews were transcribed immediately and summarized to reflect the important issues of discussion (Sarantakos, 2005). When analyzing the data, several techniques were adopted to remain focused on the research problem (Sarantakos, 2005; Yin, 1984; Miles & Huberman, 1994). This involved the reading and re-reading of the transcripts and field notes, a search for emergent themes and use of codes to bring to order, structure and meaning to raw data. The emerging themes were then compared with literature. Tying emergent theory to extant literature enhances the internal validity, generalizability and theoretical level (Yin, 1984). Lastly the themes were interpreted and discussed.

Results

In comparing the cases under study, firstly, we illustrate the constructs of social entrepreneurship definition that is, social motive, social opportunity and innovation. Secondly, we demonstrate how social entrepreneurship has helped to solve societal challenges. The table below shows a summary of the cases under study;

Case	Social opportunity (societal challenges)	Innovation	Solution to societal challenges
BeadForLife <i>Social motive</i> - unique poverty eradication	The insurgency in north and north eastern Uganda left so many people internally displaced; they lived in poverty with orphans; others are living with HIV or other serious health challenges.	<i>New products</i> – bead making out of recycled paper and turn them into necklaces, bracelets and earrings for sell (locally and internationally) <i>New ways of delivery existing services</i> - building local capacity i.e. women to teach fellow women bead making instead of employing University graduates. <i>Underutilized resources</i> – made use of the beneficiaries to make beads and crafts.	Through its initiatives, BeadForLife has been able to provide a source of earning for the women and improve their welfare through bead selling. Provision of education, health, creating awareness and sensitizations.
Cornerstone Development Uganda <i>Social motive</i> – turn street children into law abiding and responsible citizens	Increasing number of children forced to the streets due to civil and political wars coupled with AIDS and other health related diseases. The street children are deprived of	<i>New ways of delivery existing services</i> – building local capacity consisting of street children to run the organisation; Secondly, put in place community	The organization has mobilized willing individuals to improve the lives of the street children and make them law abiding citizens and useful to the society. The organization collects children

	shelter, education, food, clothing and health facilities.	development programs to help the individuals become self reliant. <i>Underutilized resources</i> – made use of the beneficiaries' labour; developed an abandoned piece of land into a commercial ranch.	from the streets and provides them with shelter, education and health facilities.
Slum Aid Project <i>Social motive</i> – curb challenges faced by slum dwellers	Increasing cases of rape, defilement, and domestic violence in Kampala slums. The slum dwellers are voiceless, deprived of health facilities, health education and shelter.	<i>New ways of delivery existing services</i> –building local capacity where the victims either educate and help slum dwellers develop their own solutions to problems of slum life; build a social movement to campaign against HIV/AIDS and sensitization of human rights <i>Underutilized resources</i> – made use of the beneficiaries' labour; started in an underutilized building	Improving the lives of slum dwellers through campaigns against HIV/AIDS and providing ARVs, Sensitization on topical issues such as health education, gender and human rights, family planning and providing counseling. Advocating against crime and domestic violence.
Uganda Community Based Association for Child Welfare (UCOBAC) <i>Social motive</i> – provide social welfare for orphans	Escalating number of orphans caused by the effects of war, HIV/AIDS and other health related factors. While the traditional extended family was strong in the affected areas, the dependency ratios were reaching a critical stage where the number of orphans needing support exceeded the capacity of individuals and families and communities to cope.	<i>New ways of delivery existing services</i> - Through capacity building of its relevant actors, advocacy and networking and using community based initiatives, UCOBAC has helped to solve the social problems. <i>Underutilized resources</i> – made use of the beneficiaries' labour; started in an underutilized building, before acquiring their current premises	The organization mobilizes and collects the victims (orphans) from the worst affected areas mostly in the north and eastern parts of Uganda, Provides the basic needs such as education, health, basic needs, creating awareness and sensitizations thereby improving the welfare of vulnerable children.

In summary, the findings demonstrate that all the cases under study were set up to achieve their respectively social motives. The individuals behind the enterprises exploited social opportunities they identified, mobilized resources and employed innovative approaches to further their social mission. The results seem to point that social entrepreneurship indeed is a solution to societal challenges. The findings are discussed below using identification and recognition of an opportunity, resource mobilization, innovation and solution to societal challenges as emerging themes from the findings.

Identification and recognition of an opportunity

The entrepreneurial journey begins with identification and recognition of opportunities which are later turned into promising venture ideas (Shane, 2003). Our findings revealed that, the social enterprises recognized a gap in the provision of services or unmet needs. For instance, BeadforLife, Cornerstone and UCOBAC recognized the hardships in the society as a result of the northern civil war, HIV/AIDS and other health related challenges/ constraints which left children as orphans and women as widows in addition to homeless, whereas Slum Aid Project recognized the domestic violence and crimes in the slum areas of Kampala. This finding concurs with Shaw and Carter (2007), who assert identification of a social need is a key criteria used to identify and recognize opportunities for the establishment of a social venture.

Resource mobilization

Across all the cases, mobilizing resources (e.g. human, cognitive, social, physical and financial resources) was critical for fulfilling their mission. This finding is consistent with Alvord *et al.*, (2004); Mair and

Marti (2006). Human resources composed of committed volunteers and beneficiaries' labour for the case of BeadForLife, Slum Aid Project and Cornerstone Uganda. While financial resources were obtained in form of grants, donations, loans and the proprietor's savings. To cut operational costs, the organizations made use of underutilized resources, for instance, Slum Aid Project and UCOBAC started in underutilized buildings where as, Cornerstone Uganda developed an under utilized piece of land into a commercial ranch. As the organizations grew and stabilized, they innovatively introduced income generating activities to supplement their financial needs, for instance the ranch and schools managed by Cornerstone Uganda, colorful beads by BeadForLife, and advocacy services provided by Slum Aid project. This made a difference in the lives of the beneficiaries.

Innovation

We profiled innovation using new products, new ways of delivering existing services, and unique use of underutilized resources to cut down operation costs to solve societal challenges. Firstly, *new products* - BeadForLife makes handcrafted paper beads from recycled paper and turn them into necklaces, bracelets, and earrings for sell to earn income. The use of recycled paper reduces on environmental degradation. From this case, it is clear that what were trash become beauty, money, food, and hope. Other organizations did not produce new products. Secondly, *new ways of delivering existing services* – this is further categorized into building local capacity and social movement. Local capacity – according to Alvord *et al.*, (2004) involves working with the poor and disadvantaged groups to identify capacities needed for self help. This was vivid across all the cases under study. For instance, BeadForLife imparts knowledge and skills of bead making onto the women in the organisation, some of the beneficiaries then volunteer to teach others to lift them out of poverty. Cornerstone Uganda makes use of the bigger responsible children among those collected from the street to help out others and also to run the organisation. Slum Aid Project makes use of the victims of domestic violence in advocacy programmes. Social movement – involves mobilizing grass root alliances to fight for the rights of the marginalized with an objective to increase the voice of the affected group(s). Slum Aid Project for instance was established with the objective of increasing the voice of the slum dwellers through campaigns against their rights and domestic violence. Thirdly, *use of underutilized resources to cut down operation costs*– the findings revealed that this was in form of human resources, land and buildings. BeadForlife, Cornerstone Uganda and Slum Aid used the beneficiaries' labour. In some cases, redundant piece of land and building like garages were utilized. The organizations saw this as an opportunity to cut down on costs of labour and acquiring assets while furthering the social mission. The mentioned innovative approaches are in line with the general entrepreneurship theory (Shane, 2003), the resource dependency theory and the findings in the previous social entrepreneurship researches (Shaw & Carter, 2007).

Solution to societal challenges

Across the cases under study the organizations have in one way or the other contributed in providing education, health, housing, clothing, food, creating awareness and sensitizations. In addition, the disadvantaged groups have been economically empowered through provision of jobs and involving in other income generating activities like the bead making. This too concurs with previous findings about social entrepreneurship (Alvord *et al.*, 2004; Mair & Marti, 2006).

Conclusion and recommendations

The concept of social entrepreneurship combines the passion of a social motive, recognition of opportunity, resources mobilization and innovation to solve societal challenges. Many government efforts have fallen short of societal expectations. From the findings, we conclude that social entrepreneurship indeed is a solution to societal challenges. There are many levels at which social entrepreneurship can and should be encouraged. At its essence, the goal is to help build a society in which many people have the confidence, skill and desire to solve problems they see around them.

From the conclusion, we make the following recommendations; firstly, *encouraging social innovation*; Launching a new initiative can be just as challenging for social entrepreneurs. To help social

entrepreneurs endure the trials of the start-up phase, the policy makers should encourage social innovation by providing support in form of seed resources. Secondly, *creating an enabling environment for social entrepreneurial initiatives*; Usually existing practices and systems act as obstacles to addressing a social problem with an innovative and entrepreneurial approach. The policy makers should therefore create an enabling environment for social entrepreneurs in a variety of ways for instance, most prominently by removing barriers, lending credibility, and supporting collaboration. Thirdly, *encourage as a response to corporate social responsibility*. Conventional entrepreneurship should be encouraged to go into social entrepreneurship as a response to the corporate social responsibility. It should be noted that social entrepreneurship is not only for the non governmental or not for profit organizations, but it takes such domains as public, private and for-profit organizations. Lastly, *Resource mobilization* – social enterprises should be encouraged to have income generating activities to supplement their income needs. Other ways of raising finances include bootstrapping and social capital.

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