
SOCIAL ENTREPRENEURSHIP: A CONCEPTUAL TAXONOMY

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Abstract: *Social entrepreneurship is a pivotal theme that generates debates both in academia and industry. Even though the concept of social entrepreneurship has gained traction and become influential in a wide spectrum of areas, such as sociology, social work, the economy, and politics, an ambiguity persists with regard to its models and meanings. In this context, the paper aims to clarify the definition of social entrepreneurship by considering how the concept has informed a variety of theoretical approaches used to explore socioeconomic reality. This paper distinguishes between three perspectives: social entrepreneurship as a cultural orientation, social entrepreneurship as a management strategy, and social entrepreneurship as a political philosophy. Such a clarification could help entrepreneurial studies reach a new level of understanding by providing an analytical framework to navigate the intricate landscape of what constitutes the double and triple bottom lines.*

Keywords: *Social entrepreneurship; Social innovation; Management; Non-profit sector*

1. Introduction

No consensus has emerged on the meaning of the term “social entrepreneurship”. This concept is ambiguous in social theory while, at the same time, it has been given different meanings in empirical studies. Therefore, a universally accepted definition that can be used to substantiate future research does not exist. The only consensus that can be found in specialized studies is that social entrepreneurship is seen as a multidimensional construct that can be studied and theorized through an integrative approach. This is why it is essential to outline the definitions associated with the term in order to offer a conceptual systematization that might inform future practice and research.

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The term social entrepreneurship was first used in a specific way by William Drayton, the founder of the international association “Ashoka: Innovators of the Public”. From his point of view, the social entrepreneur represents an agent of change, and social entrepreneurship is understood as an activity performed by individuals with the purpose of improving aspects of society (Okpara and Halkias, 2011). Therefore, an individual-oriented perspective is assumed more than a process-oriented perspective in its theorization and conceptualization. Initially, social entrepreneurship meant creating social enterprises, but the term has evolved to define an increasingly large variety of activities (Defourny, 2010).

What is “social” in social entrepreneurship?

Social entrepreneurship is broadly understood as entrepreneurship with a social component, but this approach cannot clarify its meaning, and social entrepreneurship remains a controversial topic.

On the one hand, every entrepreneurial initiative can be considered social by default. Entrepreneurship is social in the sense that it creates new markets, new industries, new technologies, new institutions, and new jobs, all of which involve an increase in productivity as the vehicle for economic development (Mair and Martí, 2006). Each type of entrepreneurial activity is social in nature as long as economic development has societal impact. Therefore, entrepreneurship is inherently social because creating more job opportunities and producing economic capital contribute to a rise in general welfare.

Similarly, the fact that entrepreneurial activities involve a set of interactions and mechanisms that have a social component can be noted as another social dimension of entrepreneurship (Ulhøi, 2005). An entrepreneurial activity involves building relations based on trust, strengthening the sense of belonging, taking into consideration social realities in the process of decision making, settling the dynamics of cooperation, etc. As such, the entire entrepreneurial activity is based on a logic that requires not only an understanding of the market, but also an awareness of the social environment and the needs of a group. Understanding the social nature of an entrepreneurial activity requires an understanding of the social exchange processes that take place during different phases of the activity. This contributes to community formation, including cooperation ties and collaborative learning activities.

On the other hand, not all types of entrepreneurial activities are social, even if they all involve society in one way or another (Tan, Williams and Tan, 2005). In this regard, Certo and Miller (2008) believe that social entrepreneurship differs from commercial entrepreneurship based on multiple characteristics: (1) the organization’s mission, its strategic direction, and the role economic capital plays in the process; (2) the way in which performance indicators are defined (social entrepreneurship requires new metrics to quantify value in the social sector); and (3) the mobilization of resources (entrepreneurship involves a circuit through which symbolic capital gets converted into economic capital, while social entrepreneurship requires a *double process of conversion*: transforming different symbolic forms of capital — social, educational, human, cultural — into economic capital and economic capital into symbolic capital). Following the

same line of inquiry, Mair and Martí (2006) point out other elements that distinguish social entrepreneurship from commercial entrepreneurship. Among these are the nature of the social changes involved, the type and quantity of resources required to maintain sustainability, the purpose of capital increases, and the ability to take advantage of economic value.

In line with previous perspectives, Tan, Williams and Tan (2005) consider the social component of entrepreneurship as a bond established between entrepreneurship and society. According to them, social entrepreneurship represents a type of entrepreneurship made within society, by society, and for society (Tan, Williams and Tan, 2005).

These interpretations seem to imply a consensus that social entrepreneurship has a social impact, and yet, opinions differ about the actors, contexts, and mechanisms involved and with regard to theories about the creation of social impact (Mair, 2010). Short et al. (2009) mention multiple disagreements that emerge even if social impact is placed as the defining element of social entrepreneurship. These disagreements target the following issues: standards and indicators for measuring performance in terms of generating social impact; the relationship between the cultural context and social entrepreneurship; the relationship between social entrepreneurship and economic development; the opportunities and financial mechanisms that ensure sustainability in financing social entrepreneurship initiatives; market practices in social entrepreneurship; operations management in social entrepreneurship activities; the influence of legislative elements and public policies on social entrepreneurship initiatives; the relationship between social entrepreneurship and entrepreneurial thinking, attitudes, and entrepreneurial values; and the impact of social entrepreneurship initiatives on society by taking into account the social structure, norms, and values (Short, Moss and Lumpkin, 2009).

What can be classified as social entrepreneurship?

Social entrepreneurship is defined on a continuous axis between social missions and commercial benefits. It is not clearly understood how much social entrepreneurship is for profit and how much is for the collective good. Consequently, a large spectrum of organizations can be included in the social entrepreneurship category, ranging from non-governmental organizations that are not involved in economic activities to corporations that try to maximize their profits through cause branding (Peredo and McLean, 2006).

Mair (2010) created a typology of social entrepreneurship as follows: community entrepreneurship (initiatives in which the community is the entrepreneurial actor, but also the main beneficiary), social change agents (people who change public perceptions about certain topics on the social agenda), institutional entrepreneurs (people or organizations that change social arrangements and institutional structures, leading to economic and social development), social ventures (businesses that offer products and services that create social or environmental benefits), entrepreneurial non-profit organizations (non-profit organizations that get involved in commercial activities in order to create profit and ensure their financial sustainability), social enterprises

(organizations that follow the principles of cooperation to achieve both business goals and social impact), and social innovation (processes and technologies for social welfare) (Mair, 2010, p. 17).

Another classification belonging to Neck, Brush, and Allen (2009) takes into consideration the mission and the results as differentiation criteria. As such, it distinguishes between various types of organizations: social purpose ventures (enterprises that aim to solve a social problem but are focused on obtaining profits), traditional ventures (enterprises with an economic mission, which have an economic impact, and whose success is judged in financial terms), social consequence ventures (enterprises focused on profit but that create social impact as an emerging result), and non-profit ventures (enterprises that use commercial activities to fund philanthropic actions) (Neck, Brush and Allen, 2009).

Tan et al. (2005) made a list of actors that could be included in the social entrepreneurship category: (1) community-based enterprises, (2) socially responsible enterprises, (3) social service industry professionals, and (4) socioeconomic or dualistic enterprises (Tan, Williams and Tan, 2005). The first category brings together organizations that offer free or really cheap services to vulnerable people who could not otherwise afford them. These organizations perform philanthropic behavior, and their profits get reinvested into society. The second category includes corporations that address social problems in small communities by changing their activities according to local needs and cultures. The third category includes businesses that gain profit from offering certain specialty consulting services to actors in the governmental sector, supporting them in attracting grants and in organizing effective communication and promotion campaigns. In the last category, the authors include businesses that have a social mission and that require the direct and active participation of community members.

Based on these methods of classification, it can be concluded that the distinction between for-profit initiatives and non-profit ones is not enough to provide a conceptual definition of social entrepreneurship, as it is impossible to distinguish entrepreneurial initiatives and social initiatives from social-entrepreneurial initiatives and entrepreneurial-social initiatives. Moreover, it seems that the entrepreneurial actor or agent can just as easily be an individual, an organization, or, according to Mair (2010), a social movement. Moreover, technologies can also be included among such entrepreneurial actors and agents.

2. Theoretical models for social entrepreneurship

Mair and Martí (2006) interpret social entrepreneurship in relation to structuration theory, institutional theory, social capital theory, and social movement theory. According to structuration theory, social entrepreneurship initiatives affect the social structure. Specifically, social entrepreneurship appears as a response to social norms, but it also participates in the creation of new ones. As such, it is discussed how a context can produce social entrepreneurship and how social entrepreneurship can create a new context. According to institutional theory, social entrepreneurship actors are capable of creating new social institutions or of transforming the already existing ones, which contributes to redefining the norms around which society is organized.

According to social capital theory, social entrepreneurship initiatives contribute to increasing connections and ties between individuals in order to generate solidarity and social cohesion as a basis for collective action. Consolidating social networks is considered an important element in entrepreneurship, with strong bonds being identified as necessary for solving the problems and weak bonds associated with generating ideas (Ulhøi, 2005). According to social movement theory, social entrepreneurship creates mobilization ability and increases the capacity of participative work.

In addition, Cajaiba-Santana (2010) analyzed social entrepreneurship in relation to structuration theory in order to highlight the social component of opportunity. According to this point of view, opportunity is not an objective fact that exists independently from entrepreneurs' observations, but rather, it is a reality that appears in the relations established by entrepreneurs within their social, cultural, and economic environments. In this way, a distinction between discovering and creating opportunity does not exist, but the two phenomena appear at the same time and are mutually constitutive (Cajaiba-Santana, 2010).

Therefore, structuration theory, developed by Anthony Giddens, comes across as an important feature in conceptualizing and studying social entrepreneurship by developing a perspective on social change that reconciliates the debate between structure and agency (Cajaiba-Santana, 2010). According to this theory, individuals are capable, through their own actions, of changing the society in which they live, but the resulting change will modify the horizon of their actions. This is why social entrepreneurship is seen as a mobilizer of social change within a philosophy in which there is not only an awareness of the restraining effects social structure has on individual action but also a realization of individuals' involvement capabilities with regard to their structural environments, which are not only reproduced by them but also transformed. In this way, structuration theory can be used to explain the relations between current (entrepreneurial) practices and social systems.

Praszkiec and Nowak (2012) discuss social entrepreneurship in relation to the theory of social change (Praszkiec and Nowak, 2012). As such, according to evolutionary theories, it is believed that societies evolve toward progress and that social entrepreneurship represents an instrument that helps societies develop to more advanced stages. From the perspective of conflictualist theories, social entrepreneurship is closely connected to forms of social conflict. Therefore, at this level, conflict is considered a mobilizer of social change and represents not only a destructive force but also a constructive one. At the same time, structural functionalist theories have been discussed in order to tackle the problem of social entrepreneurship: social entrepreneurship is understood as a way to make use of the structural components of a system and the relations between them in order to achieve sustainability. Society is therefore understood as a holistic entity at the level at which causal mechanisms operate and whose understanding might improve society as a whole. Last but not least, social entrepreneurship has been analyzed using psychosocial theories. In this case, the cultural dimension plays an important role, and social entrepreneurship is defined as a system of attitudes, beliefs, and values. Praszkiec and Nowak (2012) show that these theories try to understand how much change is endogenous (comes from within a community) or exogenous (is imposed on the

community from outside), to what degree change is inevitable or contingent, what the prime vehicles of change (individuals or societies) are, and how power is accomplished and legitimated through belief systems and materiality structures.

Praszkier and Nowak (2012) propose their own theory (“emergence theory”) in order to show the way in which a micro-social initiative can cause structural changes at the macro-social level. Their theory is inspired by Sawyer (2007) and focuses on the way in which changes can be made by showing that the changes caused by social entrepreneurship are made through multiple steps and at multiple levels as follows: (1) the individual level (the values, attitudes, and the ways of thinking with regard to a familiar aspect change); (2) the interaction level (the change of attitude is reflected in the fact that individuals adopt behaviors that involve new social actions—attitudinal changes are reflected in behavioral patterns); (3) ephemeral-emergent level (new ideas and initiatives are unstable, temporary, and subject to change, and the impact is on a small scale); (4) stable-emergent level (the new ideas and initiatives work well or are adopted on a larger scale, causing a social or cultural phenomenon); and (5) social-structure level (eventually some formal rules and systems are consolidated, which triggers mechanisms that help solve some social problems).

2.1. Social entrepreneurship as a cultural orientation

Jiao (2011) shows that social entrepreneurship as a cultural phenomenon appeared due to growing social inequalities at the global level in the context of an evolving culture of corporate responsibility and the accountability of big corporations to governments and their own clients. Other perspectives see social entrepreneurship as not just an answer to the pressure to adopt and engage in socially responsible behaviors in the private sector, but also as a response to the pressure felt by the non-profit sector to raise its efficiency and productivity in the context of the state’s inability to ensure welfare on a large scale and to manage certain social problems effectively (Perrini and Vurro, 2006). The challenges of the welfare state and the growing competitive pressure in the non-profit sector represent the contextual aspects that have made it necessary to rethink the supply system and the creation of social services. Last but not least, it is believed that social entrepreneurship represents an effect of technological advancement and of the pressure to manage the unintended consequences of technology (Jiao, 2011).

These social aspects have created the need for institutions to adapt to socio-environmental conditions and the requirement of developing new institutions that have to take action in accordance with the sustainable social mission, whose positive effects will remain visible in the long term. Social entrepreneurship appeared as an answer to these needs, generating a cultural orientation that values behavior based on innovation, a proactive attitude, and risk management in terms of solving social problems (Weerawardena and Sullivan Mort, 2006).

Social entrepreneurship can be seen as a cultural phenomenon, which implies certain values, attitudes, and mindsets. This type of orientation positions innovation and risk-taking as defining elements of entrepreneurship in general, and of social entrepreneurship in particular. As such, Praszkier and Nowak (2012) note the following characteristics of social entrepreneurship seen as a cultural orientation: a social mission

(the explicit adoption of a social goal that translates into concrete actions), social innovation (interest in applying new solutions to manage undesirable situations), social change (commitment to institutional transformation), and an entrepreneurial spirit (personality traits that impose a vision of development and an ability to solve problems).

Social entrepreneurship is seen as an activity performed within society by certain change agents who are involved in a constant process of innovation, adaptation, and learning (Dees 1998 apud Certo and Miller 2008). Aside from this, social entrepreneurship as a cultural orientation requires a specific type of leadership focused on social change, which is often attributed to those individuals who have the capacity to motivate others to believe in a social cause and to act in accordance with the respective system of beliefs (Sullivan Mort, Weerawardena and Carnegie, 2003). Social entrepreneurship is also associated with a sense of active citizenship and a tendency to seek social support and includes a large variety of activities that have an altruistic nature and are guided by ethical motives or moral responsibility.

2.2. Social entrepreneurship as a management system

As previously mentioned, social entrepreneurship represents a set of initiatives that can be attributed both to juridical persons (corporations, associations, foundations, federations) and to informal organizations. Taken this way, social entrepreneurship represents an entrepreneurial mindset that is applied to social activities, and social entrepreneurs are promoters of change and pioneers of innovation in the non-profit sector (Jiao, 2011). In this way, social entrepreneurship can be defined as a model that “encompasses the activities and processes undertaken to discover, define and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner” (Zahra et al. 2009 apud Fayolle and Matlay 2010, 4).

The rise in competitiveness in terms of the creation of social programs led to the need for the non-profit sector to reinvent itself using managerial techniques taken from the private sector. Therefore, social entrepreneurship represents for the non-profit sector what “new public management” signifies for the public administration sector. Therefore, social entrepreneurship appeared as a solution to the problem of raising the efficiency and productivity of the non-profit sector (Perrini and Vurro, 2006). It requires adopting a new model of organizational planning based on innovation, resilience, and continuous learning, not just at the implementation level but also at the strategic management level. As such, social entrepreneurship is seen as a new method to be implemented in the non-profit sector by adopting organizational cultures, competence frameworks, values, practices, and attitudes that are much closer to those that ensure the functionality of the private sector. All these aspects are included in organizational strategies, visions, and actions in the non-profit sector. Therefore, social entrepreneurship offers the perspective of a more rational non-profit sector, which is more oriented toward results and adopts strategic behavior as a response to social problems.

Based on this perspective, multiple characteristics can be attributed to social entrepreneurship: strategies taken from the private sector in order to achieve a social

mission, a coherent unity of purpose and action in the face of uncertainty and moral complexity, the ability to recognize opportunities that generate value, assuming innovation to be an important rationale in the decision-making process, proactiveness, and risk-taking (Sullivan Mort, Weerawardena and Carnegie, 2003, p. 76). To these, the following can be added: a creative way to handle situations and solve problems by taking advantage of opportunities, providing organizational functionality through adaptability and a specific way to define a vision and align practices, and introducing social rationales into management practices (Perrini and Vurro, 2006).

This approach requires a redefining of what the non-profit sector represents, which is understood not only through its role in influencing the government's actions but also through its role in producing goods and services. This requires creating "social enterprises" as autonomous organizational forms, which are characterized by a significant level of economic risk, a minimum amount of paid work, the explicit aim of benefitting the community, initiatives launched by groups of citizens, decision-making power not based on capital ownership, a participatory nature, and limited profit distribution (Defourny, 2010, pp. 68–69). As such, social enterprises depend on a distinct decision-making process, which follows a different profit distribution logic in which the main purpose is to bring social value but not necessarily to accumulate economic capital.

In the social entrepreneurial sphere, organizations whose economic value is less important than their social value are included, requiring a new hierarchy of interests and, naturally, a new decision-making process: social entrepreneurship represents an organization "whose primary objective is the creation of social welfare through the adoption of an innovative mix of profitable practices and social outcomes" (Perrini and Vurro, 2006, p. 62).

Therefore social entrepreneurship represents a management system that appears in the context of non-profit organizations and is oriented toward initiatives to deliver social value by exploiting perceived opportunities (Weerawardena and Sullivan Mort, 2006). This is done by addressing the interest of multiple stakeholders while keeping in mind the social mission and being careful of the moral dimension of their actions (Peredo and McLean, 2006). The following definition can be used:

"[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." (Dee apud Jiao 2011, 132)

From this point of view, social entrepreneurship requires a way of making profits from social innovation, which involves a considerable risk for those involved (Tan, Williams and Tan, 2005), and represents an activity in which "opportunities to create future goods and services are discovered, evaluated, and exploited" (Shane and Venkataraman 2000 apud Tan et al. 2005, 357). Unlike commercial entrepreneurship, in which innovation involves the introduction of new goods, production methods, processes,

and materials, social entrepreneurship is a business activity that passes benefits on to society at large (Tan, Williams and Tan, 2005). The result of a social entrepreneurial activity is not defined in terms of economic capital but takes into consideration whether the respective activity is capable of generating a process that produces social benefits for all the persons involved.

Social entrepreneurship implies a change management system that results from dissatisfaction with the current social state at local, regional, national, and global levels. The process implies an ability to decode political, economic, legal, social, and cultural contexts in which various social problems arise (Fayolle and Matlay, 2010). In this case, responsibility targets society rather than a group of shareholders or investors (Perrini and Vurro, 2006).

The change management system involves, among other things, the creation of a social services market. It refers to the identification of opportunities to create value and to the capacity of using creative practices to solve social problems (Certo and Miller, 2008). Social entrepreneurship is based on a type of social innovation that uses a business model focused on addressing a need identified in the market, on cooperation and partnership, on flexible and transparent organizational structures, on adaptability and resilience, on balancing the local dimension with the global dimension, and on a participatory management philosophy, with all these being used to achieve social outcomes and social welfare impact (Perrini and Vurro, 2006). Social entrepreneurship requires not just the introduction of new innovative market strategies for delivering social services but also practices that lead to the creation of social institutions or to the transformation of the existing ones (Sullivan Mort, Weerawardena and Carnegie, 2003).

2.3. Social entrepreneurship as a political philosophy

The perspectives that define social entrepreneurship as a political philosophy refer mainly to the way in which social entrepreneurship is integrated into society, debating its role in socioeconomic development in relation to the relevant theories in economy and political sciences (Short, Moss and Lumpkin, 2009, p. 161). In this case, social entrepreneurship is understood as part of the social, economic, political, institutional, and cultural systems, thus requiring a contextualization of the phenomenon of producing value within society. According to this point of view, social entrepreneurship is defined as a way to accomplish political objectives and reinvent the forms of government (Hyunbae Cho, 2006). As a political philosophy, social entrepreneurship is discussed regarding its role in generating goods and services that contribute to the redistribution of capital and to social justice. It implies an innovative vision concerning a way through which resources can be managed and configured in order to produce social value.

Based on the theories of socioeconomic development, the concept of social entrepreneurship has its roots in the term “community development”. Social entrepreneurship describes a process through which social capital is used to produce economic development: “social capital is understood as a feature of social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit” (Putnam 1996 apud Tan et al. 2005, 354). Social entrepreneurship

proposes a rethinking of the relationship between the three sectors (the private sector, the public sector, and the non-profit sector) and of the roles played by each of them in society.

Firstly, social entrepreneurship was designed as a way of answering some social needs that were not being addressed either by the state apparatus or by commercial actors (Fayolle and Matlay, 2010). As part of a social economy or of an economy based on solidarity, social entrepreneurship appeared in order to compensate for some of the failures of the state or private organizations. According to this point of view, social entrepreneurial initiatives were adopted in order to fill a hole between the private sector (oriented toward profit) and the social sector (non-profit). Obtaining a profit and assuming a social mission were perceived as incompatible drivers. However, social entrepreneurship represents an element that reunites these two perspectives, proving that the presence of profit does not annihilate the existence of a social mission, and vice versa. Additionally, it is not just about the link between social entrepreneurship and the private sector but also about that between social entrepreneurship and the public sector. Social entrepreneurship involves the creation of a market for social services, which is the responsibility of governmental authorities (Defourny, 2010).

Secondly, Bornstein and Davis (2010) consider that social entrepreneurship represents a distinct sector from the other three activity sectors. Unlike the private sector, the social entrepreneurship sector requires the maximization of the social impact and not an increase in profit. Unlike in the governmental sector, the social entrepreneurship sector has neither control nor ownership over communal resources, nor decision-making power over them. Still, it implies innovative ways of gathering resources that are the property of other agents. Unlike the civic sector, the social entrepreneurship sector does not aim to influence decisions in order to solve social problems, but rather, it aims to build institutions to solve problems, and it does this within participatory frameworks and with citizens' active involvement. As long as social entrepreneurship differs from civic actions and other activities to safeguard governmental actions and decisions, it is considered to be contributing to a reinvention of the non-profit sector and its practices. (Chivu, 2019)

Thirdly, social entrepreneurship is seen as a product that results from an erosion of the boundaries between the society, the state, and the market (Hyunbae Cho, 2006). Social entrepreneurship is not just an innovative way of producing social values that happens in all the three sectors of activity (public, private, and non-governmental), but it is also a hybrid product that defines an activity that is at the crossroads between business, government, and philanthropy (Certo and Miller, 2008). As such, social entrepreneurship blurs the well-defined boundaries between the public, private, and non-profit sectors, which involves a blending at the discursive and behavioral levels through the alignment and exchange of discourses, practices, and professional standards (Mair, 2010, p. 16). Social entrepreneurship is also defined in relation to the nature of property: social entrepreneurship is based on those types of organizations that belong neither to the state nor to private entities, but rather to society as a whole, and that are freely available to citizens (Hyunbae Cho, 2006).

Social entrepreneurship represents a way of addressing the opportunities created by the failures of some institutions to answer some social needs. In other words, social entrepreneurship is understood as a “process of catering to locally existing basic needs that are not addressed by traditional organizations” (Mair, 2010, p. 19). Even so, social entrepreneurship operates with a dynamic structure of needs, which appear as externalizations of satisfying already existing ones: satisfying some needs creates new needs, which therefore define the opportunity space addressed in entrepreneurial initiatives.

Understanding social entrepreneurship as a political philosophy requires a definition of its instrumental nature. As such, social entrepreneurship is seen as an instrument for addressing complex social problems, appearing as an innovative solution for managing such issues (Perrini and Vurro, 2006). Illustrative for this way of seeing things are two definitions. The first one understands social entrepreneurship as a “method that helps us rethink, reformulate and resolve human problems on the path to social progress” (Fayolle and Matlay, 2010, p. 3), and the second one understands social entrepreneurship as “a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs” (Mair and Martí, 2006, p. 37). Lastly, social entrepreneurship is seen as “a process by which citizens build or transform institutions to advance solutions to social problems” (Bornstein and Davis, 2010, p. 1). This means combining resources in new ways, producing social value by offering services, and developing new products that create new economic relations or new forms of social organization (Mair and Martí, 2006).

Social entrepreneurship represents a process through which the efforts to solve social problems are organized. Social entrepreneurship involves the social ability to capitalize on potential that exists at the level of social systems. The term social entrepreneurship is seen as an “altruistic form of capitalism that does not evaluate all human activities in business terms” (Tan, Williams and Tan, 2005, p. 353), thus offering the possibility to create a link between business environments and social practices. Through sensitivity toward environmental dynamics, social entrepreneurship contributes to the development of a social problem-solving market, which can function both locally and globally. Therefore, social entrepreneurship means an increase in the society’s ability to solve its own social problems by creating sustainable mechanisms that will ensure the resources necessary for the collective economic being and social justice.

Social entrepreneurship appears to be an initiative that will question the economic status quo and then act on it in ways that involve not only the production of new goods and services but also the creation of new institutions and the adjustment of already existing ones. The process involves developing methods to attract financial capital in order to support social change efforts. From this point of view, social entrepreneurship is “a process that catalyzes social change and addresses important social needs in a way that is not dominated by direct financial benefits for the entrepreneurs” (Mair and Martí, 2006, p. 36).

As a political philosophy, social entrepreneurship takes a role in improving social, cultural, and economic conditions and has the mission of transforming society in innovative ways. All these are realized by building innovative solutions to social

problems, using profit as an instrumental resource for producing social changes. Social entrepreneurship is associated with small interventions that have a large impact and that can lead to social transformation. Social entrepreneurship takes all the elements of innovation associated with commercial entrepreneurship—new products or product qualities, new methods of organization and production, new factors of production, new market relations, and new forms of enterprises—and adds new mindsets, new behaviors, new social relations, new institutions, and new social structures, resulting in the following definition:

“Social entrepreneurship is a dynamic process created and managed by an individual or team (the innovative social entrepreneur), which strives to exploit social innovation with an entrepreneurial mindset and a strong need for achievement in order to create new social value in the market and community at large.” (Perrini and Vurro, 2006, p. 78)

The sphere of social entrepreneurship contains associative groups and collectivities, whose activities tend toward a social mission and whose efforts to attract funds, finances, and economic capital are less important than social development (Perrini and Vurro, 2006). Entrepreneurship brings additional value to society, defined not just in terms of material profits for society (which can be translated into financial terms), but especially in terms of intangible winnings that can affect the quality of life, educational capital, and social relations. Therefore, social value is not judged just in terms of job creation but also in terms of access to information, solidarity, the equality of opportunities, and attitudinal changes. Since financial benefits under the guise of profit are used to serve society and not a single individual, the economic component of social entrepreneurship is seen as a condition but not as a purpose. From this point of view, at least three directions can be identified depending on what definitions were used: (1) commercial enterprises with social impact, (2) innovation for social impact, and (3) catalyzing social transformations (Tan, Williams and Tan, 2005, p. 354). Social entrepreneurship is therefore understood as a set of initiatives that requires “institutional practices combining the pursuit of financial objectives with the pursuit and promotion of substantive and terminal values” (Hyunbae Cho, 2006, p. 35). In this case, social impact is considered to be more important than market impact, with the main beneficiaries of the added value being members of the community, but not stakeholders or capital holders.

Since the social entrepreneurship dynamic depends on governmental support, on public policies in education, and on already existing financial sources, there is a problem with identifying the optimal way to encourage social entrepreneurship initiatives (Jiao, 2011). These types of methods should focus on developing public policies that require the involvement of the private sector in solving social problems, as well as on developing a formal institutional framework that will support entrepreneurial dynamics toward a social mission that can be approached from a market basis.

As a constitutive part of social development, social entrepreneurship needs a normative approach as much as a political one. The latter can be achieved by focusing on political objectives and the way they can be achieved in a social entrepreneurial framework. The “social” in “social entrepreneurship” requires identifying some elements that are important for society so that they can be addressed through concrete initiatives. Still,

defining and selecting the issues that are important for society is a political process, which makes social entrepreneurship a political phenomenon too (Hyunbae Cho, 2006). Social entrepreneurship needs a definition of collective welfare that cannot be reduced to fulfilling individual interests. Social entrepreneurship implies a sense of belonging and a collective identity, as well as an association of multiple individuals in a discourse community developed around a definition of “collective welfare” (Hyunbae Cho, 2006). Despite this, reality proves that in this public sphere there are interests that go against this.

Social entrepreneurship takes different shapes depending on the context in which it appears: (1) if social entrepreneurship manifests itself in liberal economies in which market mechanisms are believed to be the essential factor in terms of maintaining the economic and social balance, then the initiatives of social entrepreneurship will be based on the mechanisms of the market in order to tackle social needs, (2) if social entrepreneurship appears in socialist economies in which the state apparatus plays a role in redistributing resources and the market is regulated, then it will constitute a market offering social services; and (3) if social entrepreneurship is implemented in an informal economy in which neither the market nor the state can create welfare and maintain social justice, then it will be focused on social innovation (Mair, 2010, p. 21). In this context, the problem lies in how much power the market has versus that of the government. From this point of view, social entrepreneurship is more likely to appear in liberal economies than in socialist ones. Moreover, social entrepreneurship is a democratic institution that needs democratic institutions to function. (Popa, Cace, 2020)

From another point of view, Sud, Vansandt, and Baugous (2009) criticize social entrepreneurship as a solution to social problems. They consider that social entrepreneurship alone cannot be the solution to socioeconomic development and that it works only when it is introduced as part of a larger ecosystem. Therefore, social entrepreneurship institutions cannot solve social needs alone and will only work in conjunction with other types of institutions.

This happens mainly because social entrepreneurship institutions have a problem with organizational legitimacy; these types of institutions need to be acknowledged and accepted, but currently, it is not clear what they represent, what their purpose is, and how they are defined as actors (Sud, Vansandt and Baugous, 2009) Currently, social entrepreneurship institutions represent nothing but a hybrid product that exists at the border between public organizations and private ones, while experiencing the risks and challenges of both sides (Ibid.). In addition to this, social entrepreneurship institutions are predisposed, like any type of organization, to institutional isomorphism, meaning that in order to gain institutional legitimacy there needs to be a consensus on the organizational structures, procedures, and resources needed to achieve the purpose of social impact, all of which will mainly suppress innovation (Ibid.). Therefore, social entrepreneurship institutions must resist this institutional isomorphism in order to function and achieve their social mission.

According to the previously cited authors, the legitimacy of social entrepreneurship only occurs when considering the moral dimension of economic activities. However,

morality is a construct in a constant process of definition and redefinition. Social entrepreneurship cannot be detached from ideological considerations because it involves political decisions about what will bring benefits to society. Last but not least, it is believed that capitalistic structures go against the idea of social entrepreneurship, which creates new challenges in the process of socioeconomic development (Ibid.). As a response to these problems, an integrated approach is proposed in which social entrepreneurship strengthens multiple other types of organization and is in turn strengthened by them (Ibid.).

3. Conclusion

Social entrepreneurship is a groundbreaking concept that has multiple connotations depending on the paradigm applied to interpret the relationship between business practices and initiatives for public good. Accordingly, social entrepreneurship has been differently conceptualized in structural-functionalist, conflictualist, and psychosocial theories. Moreover, social entrepreneurship is introduced with differential meanings in structuration theory, institutional theory, social capital theory, social movement theory, evolutionary theory, and emergence theory. This variability in the denotations has created a conceptual ambiguity that might have negative consequences for the interpretation of the role played by social entrepreneurship in the contemporary context.

Due to all this ambiguity and the absence of conceptual clarity, social entrepreneurship suffers from a lack of conceptual legitimacy, which inhibits the meaningful, constructive, and effective inclusion of the topic of social entrepreneurship in public policy and development strategies. (Cace, Stanescu, 2013) Therefore, in order to answer analytic challenges, this paper proposes a differentiation between social entrepreneurship as a cultural orientation, social entrepreneurship as a management strategy, and social entrepreneurship as a political philosophy.

Social entrepreneurship as a cultural orientation refers to a system of values and beliefs that are internalized in collective consciousness. In this case, social entrepreneurship is used to designate a set of attitudinal factors at the intersection of a communitarian mindset (based on social responsibility, collectivism, altruism, and morality) with an entrepreneurial mindset (based on risk-taking, efficiency, innovation, proactivity, and diligence).

The perspective of social entrepreneurship as a management strategy takes into consideration methods of strategic and sustainable planning applied in non-governmental organizations. Accordingly, social entrepreneurship refers to a set of practices whose aim is to extract revenues from social innovation in a way that generates social value by exploiting perceived opportunities found within economic or symbolic markets. In this case, social entrepreneurship functions according to a new model of organizational planning that reinvents the modus operandi in the non-governmental sector.

The perspective of social entrepreneurship as a political philosophy focuses on ways through which resources can be distributed to achieve social justice. Social

entrepreneurship is therefore discussed in relation to the possibility of creating a market to address social problems on a competitive basis (Cace, Cace, Cojocaru, Sfetcu, 2013), as well as with regard to the possibility of producing social change under the same rationales. Therefore, social entrepreneurship reinvents the process of government by challenging the boundaries between public and private institutions and their societal roles. It is a philosophy that rejects the incompatibility between profit-driven initiatives and initiatives for the social good. In this sense, social innovation is understood as a driver of added value, which can be accomplished by using methods to attract financial capital and capitalize on sustainable potential in order to support social change efforts and wellbeing. (Cace, Arpinte, Cace, Cojocaru, 2012)

Therefore, far from being just an apparatus of left-wing politics, social entrepreneurship represents a viable path for reconciliation between the ideologies that divide the political landscape. When understood as a political philosophy, social entrepreneurship is capable of responding to contemporary social challenges by shaping a type of “altruistic capitalism”, which envisions strategies for using the mechanism of the free market to support social justice.

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