



---

# Social Entrepreneurship and Sustainable Development

Seyyed Ahmad Hosseini\*, Mohammad Ziaaldini

Department of Management, Islamic Azad University, Rafsanjan Branch, Rafsanjan, Iran.

## \*Corresponding Author

**Abstract:** *Social entrepreneurship is one of the important and expanding dimensions in the entrepreneurship activities of industrialized countries of the world, which has a long history. Nevertheless, in our country, with regard to the growing tendency of institutions, academic centers and governmental and non-governmental institutions toward entrepreneurship and entrepreneurial activities, as well as governmental supports from individuals and entrepreneur groups to solve some of the old problems, such as unemployment and its malicious consequences in the country, unfortunately we are witnessing their overwhelming attention toward the economic category of entrepreneurship and neglecting the environmental and especially social dimensions of it. Although this may not create that much problem in the short term, it can be a problem in the long run. Hence, addressing the issue of social entrepreneurship and its role in sustainable development was of great importance.*

**Keywords:** *Social Entrepreneurship, Sustainable Development, Entrepreneurial Activities.*

## INTRODUCTION

Social Entrepreneurship is among the newest issues in the field of entrepreneurship that has been considered along with organizational and economic entrepreneurship in scientific circles. This category, if institutionalized in the community, can play an important role in solving social problems (Lyne et al., 2018). Social entrepreneurship is the process of adding new and different ideas aiming to create social capital by focusing on actions performed by private sector workers (Ebrashi, 2013). The social dimension of sustainable development is among the most noteworthy dimensions of development, which can be considered as the axis of other dimensions of development. It aligns the effort of other dimensions in order to strengthen it (Alavizadeh, 2017). The language of social entrepreneurship may be fresh and new, but this is not a new phenomenon. Social entrepreneurs have always existed, even if they were not called by this name. They have set up many of the institutions being used today. Of course, this new name is important, because it specifies the boundary and limit of this section (Rahdari et al., 2016). In addition to non-profit and innovative investments, social entrepreneurship can include business companies with social purposes, such as development benefit banks and mixed organizations that combine profit and non-profit elements with each other such as shelters for homeless people that companies for training and hiring people to use these shelters. This new language expands our field of action. Social entrepreneurs use the most efficient service methods regarding the social activities (Ratten, 2018). Social entrepreneurship is an innovative approach explaining various subjects in the areas of education, environmental topics, fair trade, health and human rights and, to a wider level, is an important component of sustainability development structure (Korsgaard et al., 2015). Since the goal of development is to improve the quality of individuals' life, then entrepreneurship with its

advantages would be able to be considered as one of the most important and best options for development. Since entrepreneurship reduces unemployment and increases the productivity of individuals and resources, and consequently increases the income of the people of community (Tousi et al., 2014). Nowadays entrepreneurship can be the source of many economic and social consequences. Paying attention to the entrepreneurial spirit and in general the expansion of entrepreneurship culture creates the possibility for an entrepreneur that while identifying resources, existing opportunities and problems, invents new solutions to grow various dimensions of his working area and thereby provides a context for sustainable development (Korsgaard et al., 2015).

### **The Role of Entrepreneurship in Economic Growth and Development**

The obvious feature of today's economy is its rapid change. Therefore, countries can be successful in such an economy to have the capability of adapting to these changes. If people take a look at the historical course of economic development ideas, they would find that the development of industry and the advancement in the economy of community is based on changing ideas and creating innovations. Without being in the leading position of science and innovation, no country would get succeed in passing the route of development. It is natural that entrepreneurship is the most prominent tool that can lead individuals toward this goal (Nilsson et al., 2016). In the economic system based on entrepreneurship, the innovators and owners of thought and idea are considered as the main capitals of an economic enterprise, who are among the main factors of development. Entrepreneurship has a close relationship with economic and social development, and today it is considered as one of the development indicators in the developing countries. Due to the special role and position of entrepreneurs in the process of economic growth and development of community, many governments in developed and leading countries with maximum opportunities and exploiting research achievements are trying to lead a number of the people of community who have entrepreneurial features toward entrepreneurship education and entrepreneurial activities (Newbery et al., 2017). Developing entrepreneurship while providing the context for growth and development, would remove current issues and problems such as poverty, social and cultural irregularity, the unemployment of university graduates and the great problem of other unemployed people. Achieving social growth and development requires the development and implementation of effective strategies. Entrepreneurship is one of the most applicable ways of these strategies (Littlewood & Holt, 2018). This leads to the development of people who can create new businesses in various sectors of community, develop existing capacities, and reduce the problems of community, government and the public sector through innovation. If this important goal is realized, the potential capacities of the community would be maximally used and followed by creating employment, justice and social welfare, sustainable development, quality of life, vitality and life expectancy (Le Blanc, 2015). Eliminating the unemployment problem of graduates would be possible by training entrepreneurship skills to students and graduates of all disciplines on the one hand and the development of a variety of new entrepreneurship orientations and disciplines along with other existing courses of existing disciplines, on the other hand. In this way, a more number of graduates would take the step toward the establishment of business and job creation for other unemployed people (de Lange & Dodds, 2017). In other words, with the development of entrepreneurship in a country, while providing the context of growth and development, current issues and problems such as poverty, social and cultural irregularity, university graduates unemployment, and the great problem of other unemployed people would also be removed. The use of existing capacities and the development of advanced technology require the existence of creative, innovative and entrepreneurial people in the community. This requirement is evident and tangible in all sectors and disciplines (Wang et al., 2016). Therefore, the development of entrepreneurship is necessary to meet these needs and to achieve these goals. But with regard to the impact of entrepreneurship on economic growth, researchers believe that there are three channels to express this effectiveness. First Channel; Creating knowledge overflow in the new theories of growth when the economy achieves sustainable status, income growth per capita would only be possible through knowledge growth, which would lead to the emergence of

more efficient production technologies with more productivity (Laeis and Lemke, 2016). Second Channel: Increasing competition; increasing the number of enterprises would not only increase competition in adopting new ideas, but also more competition among enterprises would facilitate the entry of new enterprises that have specialty in the field of producing specific new product. Entrepreneurs increase productivity through increasing competition. They increase our knowledge by introducing the types of products and services available in the market (Brouard et al., 2015). As a result, choosing the best combinations of product market becomes possible. In this process, knowledge overflows play an important role. Third Channel: Introducing diversity and innovation; Schumpeter entered the entrepreneurial concept in the form of innovation as a key role to promote economic development. Entrepreneurial activities of entrepreneurs push forward the process of destroying the creator by creating permanent disruptions to a balanced economic system and creating opportunities for economic interests (El Ebrashi, 2013). In the adjustment of balance, other innovations are created and more entrepreneurs enter the economic system. In this way, Schumpeter's theory predicts that an increase in the number of entrepreneurs leads to economic growth increase. According to Schumpeter's theory, in the development process of experimental-economic literature, innovation has been recognized as a source of economic growth. Today, the development of social entrepreneurship is considered as a social mission and one of the solutions to solve some social problems and damages. Social entrepreneurship has a positive and direct effect on reducing unemployment; on the other hand, it promotes economic development and creates job opportunities, and can improve the social and cultural status of the community (Zaefarian et al., 2015).

### **Social Entrepreneurship and Rural Sustainable Development**

The village is the oldest form of human settlements. Living in a village is one of the oldest ways of human life (Lyne et al., 2018). Villages as the basic communities from the past have had a basic role in flourishing communities and civilizations, and with regard to the numerous roles they have had in the national development process, especially in the field of supplying food, their growth and development had great importance and necessity (Farahani and Haji Hosseini, 2013). Accordingly, entrepreneurship is one of the effective factors in rural development, because entrepreneurship can have an effective role in improving the economic and livelihood status of villages through creating employment opportunities and income (Mohamadi Yeganeh & Valai, 2014). For this reason, measuring the entrepreneurship ratio of villagers and trying to develop and strengthen entrepreneurship in the rural development process by providing its initial contexts is of particular importance (Najafi Kani et al., 2015). Hence, the necessity of ensuring and continuing their survival and life is to find new solutions and methods to deal with problems. In order to act successfully and efficiently in maintaining our natural resources and potentials and safeguarding them for the future generation of human beings, it is necessary to get help from entrepreneurial ideas and solutions (Tousi et al., 2014). The role of investment in animal husbandry sector and its impact on the efficiency of this sector is of great importance, which theoretical criteria and empirical evidences confirm it. Investment in the animal husbandry sector, in addition to the growth of production and employment in this sector, would help production and employment growth in other sectors, due to the prior and posterior connections of this sector with other sectors (Korsgaard et al. 2015). Since most animal husbandry activities in rural areas are carried out in order to prevent villagers' migration to the cities, identifying the factors affecting investment in animal husbandry sector and adopting appropriate policies for investment promotion and creating employment is of great importance (Farahani et al., 2014). Due to the utilization of basic and suitable sources for agriculture and animal husbandry, Iran has potentially good facilities for growth and rapid increase of horticultural and livestock products. In this case, the realization of the growth rate of 4 to 6 percent necessary to reduce the inequality of urban and rural incomes would be possible. Moreover, in order to reduce income inequalities, the government should pay special attention to agriculture and animal husbandry, and apply widespread sub-investments in the field of public services required by farmers and livestock farmers (Alavizadeh, 2017). Social entrepreneurs seek to create value with persistent social changes. They are usually well aware of the

needs and values of individuals, groups and regions (Lyne et al., 2018). Although entrepreneurs invest both in traditional entrepreneurship and social entrepreneurship on sources that create value, the important differences of these two are in the process of entrepreneurial self-discovery (discovery) (Ebrashi, 2013). Social values lead to the creation of jobs and the revival of sectors with unfavorable conditions in the community. Nevertheless, researches on entrepreneurship are often widespread and fragmented. As a result, research on this topic and the presentation of a conceptual model in this regard is very important (Mohamadi Yeganeh & Valai, 2014).

### **The Need to Pay Attention to Social Entrepreneurship as Sustainability Context**

Nowadays, entrepreneurship has opened a space for itself in all topics and many researchers are looking to provide the context of entrepreneurship development in their related areas according to their own specialty. Entrepreneurship is a vital component in the social, organizational and individual success. One of the important approaches in entrepreneurship is social entrepreneurship, which also seems to be a useful tool in realizing the social sustainability of businesses (Spitzeck et al., 2013). Social dimension forms one of the important dimensions of sustainability. From the traditional point of view, entrepreneurship means making money. People who choose to create a business instead of being hired, often tend to be in the areas where they feel they are taking more than their inputs, whether through the discovery of opportunities, introducing innovative products and services, or the lack of alternatives (Santos, 2012). It is obvious that economic achievements are essential for long-term survival. But it should be said that scientific and executive developments in recent decades, and considering the community rather than the economy, have led to the emergence of social entrepreneurs. Gradually, case studies showed that social entrepreneurs can generate profit while creating social value. Thus, the new social entrepreneurship approach entered scientific literature and the practice of executive organizations (Ratten, 2018). Social entrepreneurship was proposed in the 1970s to address social issues as sustainable. The term "Social Entrepreneurship" was first mentioned in 1972 by Joseph Banks in his original work, named as "Sociology of Social Movements". He applied this term to describe the necessity of using managerial skills to investigate social issues as well as business challenges. Addressing social entrepreneurship began in the 1980s by the establishment of Ashoka that was the first sponsoring organization for social entrepreneurs (Agrawal & Sahasranamam, 2016). In addition, the term "Social Innovation" was described in the work of Drucker (1990). He wrote about the necessity of using managerial activities in non-profit organizations to increase the efficiency and effectiveness of producing social products. Examining the definitions of social entrepreneurship over time revealed the nature of problem solving in social entrepreneurship and mutual emphasis on carrying out actions that have measurable results in the form of changed social outcomes / impacts. Success in social business is measured by the amount of distributed capital and the range of individuals and groups that benefit from their economic performance, and not by the rate of profitability. The goal of social entrepreneurship is to lead business and, at the same time achieve social goals; a higher mission that its goal in general is to achieve sustainable positive effects in the community (Mulyaningsih & Ramadani, 2016). Therefore, social entrepreneurship considers discovering new tools for achieving positive and constructive social changes. Social entrepreneurs are those who direct resources in a way to achieve social goals. In fact, the primary goal of social entrepreneurship goes beyond merely increasing the profit of beneficiaries to benefit large communities and to have a profound evolution impacts on its customers. Social entrepreneurs seek to create value through persistent social changes and are usually well aware of the needs and values of individuals, groups and regions (Agafonow, 2014). Although entrepreneurs invest both in traditional entrepreneurship and social entrepreneurship on sources that create value, the important differences of these two are in the process of entrepreneurial self-discovery (discovery). Social values lead to the creation of jobs and revival of sectors with unfavorable conditions in the community. In other words, the study of social entrepreneurship phenomenon and the description of unique behaviors, characteristics and typologies of social businesses, researches to create sustainable public wealth instead of focusing solely on personal wealth and performance lead the

business move forward. While in the Schumpeter's entrepreneurship theory the economic growth is pursued, social entrepreneurship theory is a factor for social development through sustainable and persistent economic models in which sustainable entrepreneurs focus on creating social impact, social change and social evolution (Choi & Majumdar 2014).

### **The Role of Social Entrepreneurship in Social Justice Development**

Nowadays, social justice is one of the most important challenges and thinking concerns of the thinkers of humanities. The necessity to achieve social justice is to remove inequalities, discriminations and escaping from the law through social entrepreneurship development (Doherty et al., 2014). Social entrepreneurs, try to create a suitable platform for the participation of everybody in the community in order to remove social problems through using innovative plans, mobilizing resources and exploiting effective communication. Their effort disturbs trade standards governing the business environment and removes existing barriers to achieve economic and social sustainable development (Kao & Huang, 2015). Having identified socio-economic opportunities, social entrepreneurs have created and strengthened social institutions, and thereby have tried to minimize class difference in the community by empowering vulnerable groups. Social entrepreneurs, change the form of service delivery and dynamism in social activities using new ideas. They solve the problems of community by creative methods and reduce social harms (Bacq & Eddleston, 2018). The initiatives exploited by social entrepreneurs provide a proper context for the creation and development of social justice. Hence, it can be said that these are social entrepreneurs who shape social changes. It should be acknowledged that most of the activities of social entrepreneurs have focused on solving social problems. Innovative plans for creating new social arrangements, mobilizing existing resources and exploiting from effective communication in social institutions are processes that can transform the business criteria governing entrepreneurship space (Bacq & Alt, 2018). According to this theory, the changes created by social entrepreneurs in the short term can be increasingly accelerated with the help of existing systems. They can be the source of creating great changes in the long term. In this theory, social entrepreneurs not only need to understand the immediate problems of community, but also have mutual dependencies on social institutions as larger social systems in a way that they can create a new paradigm in solving regional social crises. Sustainable social changes include innovations for realizing social impacts and creativity to create a continuous flow of resources (Hockerts, 2015). Both of these views express another definition of social entrepreneurship, which itself leads to the formation of major changes in various social fields, including social justice. The social entrepreneur does not seek financial benefit for himself and for investors, but he tries to bring these benefits to the deprived sections of community. The market in which social entrepreneurs innovate, is the context of community (Wry & York, 2017). The values created by social entrepreneurs, reduce the class distance in the community. Because their goal is to help the non-productive and forgotten part of community to be able to reduce the effects of poverty in the community through empowering them. Businesses created by social entrepreneurs can generate income. These businesses, as nonprofits institutions, spend the benefits obtained from their activities for social welfare works and allocate them to solve the problems of the deprived class of community (Kummitha & Majumdar, 2015).

### **Conclusion**

The most important effects of entrepreneurship development were the innovation increase, the promotion of technology level, employment increase, generating technical and production knowledge and income distribution at the community level, as a result of which it can have national wealth increase and the economic growth of community (Douglas & Prentice, 2019). The transformation and evolutions around the world today, had made entrepreneurship more important than before. Organizations needed innovation and entrepreneurship to adopt with new conditions more than the past. In fact, organizations in connection with entrepreneurship, as the most important factor of economic development, could allocate higher share of markets to themselves (Lurtz & Kreutzer, 2017). These days, the development of entrepreneurship in the

social domain has attracted more attention to the common problems of human communities. This has contributed to the formation and development of social institutions even in the international domain, and has led to invest more in solving social problems. Having identified the existing opportunities, social entrepreneurs have been able to take effective steps to remove poverty, discrimination, inequality and escaping from law through the creation and development of social institutions, in a way that the results obtained from these activities have led to the development of social justice in human community. In this regard, social entrepreneurs, having characteristics and behaviors similar to those of economic entrepreneurs, were more related to compassionate and supportive activities and works and had desirable imagination and insight for solving social problems. Among the obtained results, the results related to the development of social entrepreneurship, increasing innovation, promoting the technology level, increasing employment, generating technical and production knowledge, and distributing income at the community level were of utmost importance.

## Reference

1. Agafonow, A. (2014). Toward a positive theory of social entrepreneurship on maximizing versus satisficing value capture, *Journal of Business Ethics*, 125(4), 709-713.
2. Agrawal, A., & Sahasranamam, S. (2016). Corporate social entrepreneurship in India, *South Asian Journal of Global Business Research*, 5(2), 214-233.
3. Alavizadeh, Seyyed Amir Mohammad (2017), "Entrepreneurship and Its Role in Rural Sustainable Development (Case Study: Ilam Province)", *Quarterly Journal of the Scientific-Promotion of Ilam Culture*, 18 (56 & 57), 154-169
4. Bacq, S., & Alt, E. (2018). Feeling capable and valued: A prosocial perspective on the link between empathy and social entrepreneurial intentions. *Journal of Business Venturing*, 33, 333–350.
5. Bacq, S., & Eddleston, K. A. (2018). A resource-based view of social entrepreneurship: How stewardship culture benefits scale of social impact. *Journal of Business Ethics*, 152, 589–611.
6. Brouard, F., McMurtry, J.J., & Vieta, M. (2015). Social enterprise models in CanadaOntario, *Canadian Journal of Nonprofit and Social Economy Research*, 6(1), 63-82.
7. Choi, N. and Majumdar, S. (2014), "Social entrepreneurship as an essentially contested concept: opening a new avenue for systematic future research", *Journal of Business Venturing*, 29(3), 363-376.
8. de Lange, D., & Dodds, R. (2017). Increasing sustainable tourism through social entrepreneurship, *International Journal of Contemporary Hospitality Management*, 29(7), 1977-2002.
9. Doherty, B., Haugh, H., & Lyon, F. (2014). Social enterprises as hybrid organizations: a review and research agenda, *International Journal of Management Reviews*, 16(4), 417-436.
10. Douglas, E., & Prentice, C. (2019). Innovation and profit motivations for social entrepreneurship: A fuzzy-set analysis, *Journal of Business Research*, 99, 69-79.
11. Ebrashi, R.E. (2013). Social entrepreneurship theory and sustainable social impact, *Social Responsibility Journal*, 9(2), 188-209.
12. Farahani, Hossein, and Haji Hosseini, Samira (2013), "Evaluating Rural Areas Capacities for Entrepreneurship Development and Empowering Villagers (Villages in Shal District of Bouin Zahra Province), *Rural Researches*, 4 (4)
13. Farahani, Hossein, Rasoolinia, Zakieh, and Asdaghi Saraskanrood, Zahra (2014), "Factors Affecting the Growth of Entrepreneurship in Rural Areas; Case study: Jaberansar Village in Abdanan City", *Quarterly Journal of Rural Economy Space and Development*, 3 (3.9), 1-16
14. Hockerts, K. (2015). The social entrepreneurial antecedents scale (SEAS): A validation study. *Social Enterprise Journal*, 11, 260–280.
15. Kao, M. R., & Huang, C.Y. (2015). Competing identity: the role of family in social entrepreneurship, *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 26(4), 1066-1083.

16. Korsgaard, S., Müller, S., & Tanvig, H.W. (2015). Rural entrepreneurship or entrepreneurship in the rural – between place and space, *International Journal of Entrepreneurial Behavior & Research*, 21(1), 5-26.
17. Kummitha, R.K.R., & Majumdar, S. (2015). Dynamic curriculum development on social entrepreneurship: a case study of TISS, *The International Journal of Management Education*, Vol. 13 No. 3, 260-267.
18. Laeis, G.C.M., & Lemke, S. (2016). Social entrepreneurship in tourism: applying sustainable livelihoods approaches, . *International Journal of Contemporary Hospitality Management*, 28(6), 1076-1092.
19. Le Blanc, D. (2015). Towards integration at last? The sustainable development goals as a network of targets. *Sustainable Development*, 23(3), 176187.
20. Littlewood, D., & Holt, D. (2018). Social entrepreneurship in South Africa: Exploring the influence of environment. *Business & Society*, 57(3), 525561.
21. Lurtz, K., & Kreutzer, K. (2017). Entrepreneurial orientation and social venture creation in nonprofit organizations the pivotal role of social risk taking and collaboration. *Nonprofit and Voluntary Sector Quarterly*, 46(1), 92–115.
22. Lyne, I., Ngin, Ch., & Santoyo-Rio, E. (2018). Understanding social enterprise, social entrepreneurship and the social economy in rural Cambodia, *Journal of Enterprising Communities: People and Places in the Global Economy*, 12(3), 278-298.
23. Mohamadi Yeganeh, B., & Valai, M. (2014). Diversification of the rural economy for sustainable development: Case study of the northern city mentioned Marhemetabad Rural District, *Space and Rural Development Quarterly Journal of Economics*, 3(2), 70-54.
24. Mulyaningsih, H.D., & Ramadani. V. (2016). Social entrepreneurship in an Islamic context, *Entrepreneurship and Management in an Islamic Context*, Springer, 143-158.
25. Najafi Kani, Ali Akbar, Hesam, Mehdi, and Ashour, Haditha (2015), “Assessment of the Situation of Entrepreneurship Development in Rural Areas (Case Study: South Estarabad Village in Gorgan Province), *Quarterly Journal of Rural Economy Space and Development*, 4 (1).
26. Newbery, R., Henley, A., & Siwale, J. (2017). Editorial: Special issue on rural entrepreneurship theory in the developed and developing context. *International Journal of Entrepreneurship and Innovation*, 18(1), 7374.
27. Nilsson, M., Griggs, D., & Visbeck, M. (2016). Map the interactions between sustainable development goals: Mans Nilsson, Dave Griggs and Martin Visbeck present a simple way of rating relationships between the targets to highlight priorities for integrated policy. *Nature*, 534(7607), 320-323.
28. Rahdari, A., Sepasi, S., & Moradi, M. (2016). Achieving sustainability through Schumpeterian social entrepreneurship: The role of social enterprises. *Journal of Cleaner Production*, 137, 347-360.
29. Ratten, V. (2018). Social entrepreneurship through digital communication in farming, *World Journal of Entrepreneurship, Management and Sustainable Development*, 14(1), 99-110.
30. Santos, F.M. (2012). A positive theory of social entrepreneurship, *Journal of Business Ethics*, 111(3), 335–351.
31. Spitzack, H., Boechat, C., & França Leão, S. (2013). Sustainability as a driver for innovation–towards a model of corporate social entrepreneurship at Odebrecht in Brazil, *Corporate Governance: The International Journal of Business in Society*, 13(5), 613–625.
32. Tousi, Ramadan, Jamshidi, Alireza, and Taghdisi, Ahmad (2014), “Rural Entrepreneurship and Determining the Factors Affecting It (Case Study: Villages in Minoodasht Province), *Rural Research and Planning*, 3 (8).
33. Wang, C., Duan, Z., & Yu, L. (2016). From nonprofit organization to social enterprise: The paths and future of a Chinese social enterprise in the tourism field, *International Journal of Contemporary Hospitality Management*, 28(6), 1287-1306.

34. Wry, T., & York, J.G. (2017). An identity-based approach to social enterprise. *Academy of Management Review*, 42, 437–460.
35. Zaefarian, R., Tasavori, M., & Ghauri, P.N. (2015). A corporate social entrepreneurship approach to market-based poverty reduction”, *Emerging Markets Finance and Trade*, 51(2), 320–334.