Exploring the motivations and challenges of social entrepreneurship in Jordan.

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Abstract

The topic of social entrepreneurship (SE) is gaining increasing public attention worldwide. It has also been a topic of interest post-Arab Spring, because of its potential to combat unemployment and engage citizens in improving their local communities, without having to rely on governments in the region. The aim of this paper is to describe the qualities and motivations of Jordanian social entrepreneurs. It also looks at the challenges they face as agents of social change. Both quantitative and qualitative methods were used to collect data from 12 Jordanian social entrepreneurs working in different fields. The respondents were highly educated, had engaged in voluntary work from an early age and were ambitious, socially aware and passionate about the social issues they are trying to address at the local level. A large majority believed that they were innovators of a new service. Our study found that the challenges these social entrepreneurs face are similar to those documented in the literature on this subject, with financial difficulties and bureaucracy being the most pressing issues. Jordanian policy makers need to provide a legal and regulatory framework that is conducive to social initiatives, they need to support the sustainable development of the sector and promote social entrepreneurship as a desirable career choice for youth.

Keywords: Social Entrepreneurship, Characteristics, Challenges, Motivations, Jordan

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Introduction

Social entrepreneurship (SE) has been gaining increasing public attention worldwide, as a way to combat unemployment and engage citizens in improving their local communities. After the Arab Spring many of the countries in the Middle East are facing demands to provide much neglected economic and social reforms. The citizens of this region realize that they can no longer

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expect the government to produce much needed reforms (Buckner, Beges, and Khatib, 2012) and this has resulted in civic awakening and social activism. Yet, like in the developed world, there is also a paucity of research in this field in the Middle East. Thus the focus of this research will be on Jordanian social entrepreneurs, but not the altruistic activities they engage in, rather we will focus on why they chose to become a social entrepreneur, the particular qualities and attributes they possess and the challenges and difficulties they face as they attempt to use social endeavors in order to start changes in their society at the grassroots level.

Over the past few years, SE has become an increasing phenomenon in Jordan. Youth are more vocal than ever, there is a strong spirit of altruism and a desire to lead change that can impact the future of the country. This can be attributed to several reasons such as: the continuous turmoil in the region and the steady influx of refugees, the growing divide between rich and poor and ever increasing unemployment levels, the scarcity of resources and the failure of consecutive governments to address the social needs and problems of society. All these factors have somehow either “pushed” or “pulled” many Jordanians to seek SE as a solution to the many problems faced by society.

This exploratory study hopes to make a contribution to the existing literature on SE by focusing on a developing country-Jordan and providing a profile of the Jordanian social entrepreneur and his/her motives for engaging in such an endeavor. Second, it highlights the challenges faced by this particular breed of entrepreneurs. Thirdly, it provides suggestions on how to harness the power of social enterprise in order to provide alternative career paths for Arab youth and as a way to bring about much needed social change in the Middle East. Lastly it provides a basis on which to build a more comprehensive study of social entrepreneurship in Jordan and the surrounding region.

Literature Review

The term SE was first introduced in the 1970's (Nicholls, 2006) and over the years, has been defined according to different perspectives (Dees, 1998; Thompson et al., 2000; Alvord et al., 2004; Austin et al., 2006; Urbano et al., 2010). The process may encompass social interests only, or might have related social and business aspects together, with the business part usually created to sustain and financially support the social part of the firm. (Leadbetter, 1997; Dorado, 2006; Thompson and Doherty, 2006). While there is much debate over a common definition of SE most definitions seem to agree that it focuses on exploiting opportunities for social reform and improvement, rather than profit maximization (Shaw, 2004; Mair and Marti, 2006; Zahra et al., 2009; Bornstein and Davis, 2010).

Zahra,et al., (2009, p.522) describe SE as "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". Germak and Robinson (2014, p.5) define social entrepreneurs as "restless, mission-driven individuals that strive to change the world, their cities, and their communities by implementing sustainable business ventures designed to create social impact."

A review of the SE literature shows that social entrepreneurs share a series of behavioral characteristics with 'mainstream' entrepreneurs, such as: the desire to exploit an opportunity (Thompson et al. 2000; Dearlove, 2004; Nicholls, 2006; Tracey and Phillips, 2007); the ability to innovate (Dees, 1998; Austin et al. 2006; Mair and Marti, 2006) and risk taking propensity (Peredo and McLean, 2006; Zahra et al., 2009). However, they show differences in terms of

motivation to engage in social activities with socio-moral motivations being the main driver (Nicholls, 2006; Shaw and Carter, 2007).

Germak and Robinson (2014) used an exploratory qualitative design to understand the motivations of nascent social entrepreneurs. They found personal fulfillment, the desire to help society, a nonmonetary focus, need for achievement and closeness to the social problem as the main motivators for engaging in SE. Boluk and Mottiar (2014) used qualitative content analysis to determine the additional motives (aside from the social interests) that motivate social entrepreneurs. They found lifestyle motives, receiving acknowledgement and generating profit to be additional motives for engaging in SE.

Bornstein and Davis (2010) and Harding and Cowling (2006) stated that the major constraint for most social entrepreneurs was financing. They also mentioned the inability to recruit talented employees and the difficulties in evaluating the social impact of their activities as challenges. Lack of strategy, was also seen as a major challenge in some studies (Dees, 1998; Chell, 2007).

Buckner et al., (2012) used previously collected data from 12,000 residents of 18 Arab countries in order to highlight the importance of SE post-Arab Spring. They found that despite the many obstacles there is a strong foundation for SE in the region which can be attributed to a strong interest in volunteerism, growing awareness of entrepreneurship and a strong preference for self-employment, a deterioration of personal economic situations thus pushing youth to look for alternative employment opportunities and an increased interest amongst youth to improve their communities. The same study also highlighted, significant structural and cultural barriers that prevent the entrepreneurial ecosystem from fully thriving in the region. It also reported very

high failure rates for new businesses and NGOs in the region and cited lack of finance as the largest challenge to SE followed by bureaucratic hurdles.

Abdou et al., (2010) looked at 78 internationally recognized social entrepreneurs from the Middle East and found that they were highly educated, had lived or worked abroad, were engaged in extra-curricular activities as a child and have a personal understanding of the problems they are trying to solve. The authors advocate that social enterprises can provide a new foundation for socio-economic development in the Middle East and provide hope for its youth.

Bucknel et al., (2012) stated that 61 percent of the Jordanians surveyed volunteer at an NGO and most of them are students. They also stated that the biggest obstacle to founding NGOs in the Kingdom were bureaucratic issues. There are several organizations in Jordan to motivate locals to start social enterprises and to provide them with the necessary training and support such as Badir and Ruwwad. One of the best known Jordanian social entrepreneurs is Soraya Salti who started Injaz in 1999 in order to provide Jordanian youth with life skills. Today her initiative has grown into Injaz Al-Arab, operating in 12 Arab countries and constituting a role model for all in the region.

Methodology

Sample, Questionnaire and Data Collection

Both quantitative and qualitative methodology was used to obtain a clear idea about the characteristics of social entrepreneurs and the challenges they face in Jordan. Due to the lack of public records and data regarding SE, we decided to go directly to the source of information; the entrepreneurs themselves. Thirty self-identified, social entrepreneurs from amongst the authors' business networks were contacted and a further 10 names were obtained from the contacts. All of them agreed to participate in the study and were emailed the questionnaire. Despite several

follow up calls and reminders, only 12 filled out the questionnaire for a response rate of 30 percent. While the sample size may appear to be small, it is similar to a majority of other studies (mainly qualitative) done in the field of SE (Hoogedorn et al., 2010; Germak and Robinson, 2013). The 12 respondents were then asked if they were willing to chat and discuss some questions over the phone. Only five agreed and their answers were recorded and transcribed verbatim.

The 34 items in the questionnaire was partly modeled on the research of Germak and Robinson (2014); Rajendhiran and Silambarasan (2012) and Sivanthanu and Bhise (2013). The questionnaire was composed of three sections. Part A contained 10 demographic questions. Part B contained seven questions aimed at measuring the qualities and skills of social entrepreneurs. Part C contained 17 questions about the challenges faced by social entrepreneurs. A five point Likert scale was used for answering parts B and C of the questionnaire (1=strongly disagree to 5=strongly agree) in order to calculate mean scores. The data was collected over a six week period.

Findings and Discussion

Demographic profile of Jordanian Social Entrepreneurs

The majority of the sample were single (82 percent) and males made up half of the respondents. This is an interesting observation especially in a patriarchal society like Jordan. Brug et al., (2011) states that social businesses/ initiatives are more likely to be started by men than by women. However, they also point out that the gender gap is smaller for SE than it is for commercial entrepreneurship. Half of the respondents were between the ages of 22-32. Empirical research states that younger age groups have a relatively higher chance of being involved in SE (Harding and Cowling, 2006; Bosma and Levie, 2010).

The number of respondents with a Bachelor's degree is 58 percent and 33 percent have a Master's degree. Aggregate data from 49 different countries, suggests that the level of education is positively related to the propensity of becoming a social entrepreneur, irrespective of the level of economic development (Bosma and Levie, 2010; Brug et al., 2011). Although the education level was relatively high in this study, only 25 percent were involved in an entrepreneurial activity directly related to their field of education.

All social entrepreneurs in this study were previously engaged in some form of voluntary work and more than 80 percent stated that they had not received any kind of training in entrepreneurship. The average years that they had been working in this field was 6.08 and the vast majority were engaged in activities related to education and skills development, followed by civic engagement. Some authors hold a view that social entrepreneurs are completely obsessed with their vision and, as a consequence, are fully committed to the business or activity on a 24/7 basis (Drayton, 2002; Light, 2009). In our study, only six of our respondents worked full time, four were part time and the remaining two had another job.

Analysis of the skills and qualities of Jordanian Social Entrepreneurs

The respondents were asked to indicate their opinion about seven qualities and skills associated with social entrepreneurs. The results show that social entrepreneurs in Jordan believe they are 'ambitious' (mean score=4.91), 'socially aware' (mean score 4.75) and 'innovators of a new service' (m= 4.66). While Shaw and Carter (2007) state that innovation is very important for social entrepreneurs and involves applying novel solutions to chronic social problems, Zahra et al. (2009) acknowledge that not all social initiatives are equal in terms of innovation.

Only half of the respondents ‘strongly agree’ that they are ready to take risks (mean score=4.41) and ‘results oriented’ item had a lower mean score of 4.08. This may be because it is not easy to measure the outcomes of their initiatives and that results cannot be seen immediately. Some of the changes and reforms that they are trying to initiate will only show concrete results in the long-run.

Analysis of the challenges faced by Jordanian Social Entrepreneurs

All issues related to money were a challenge for the entrepreneurs. The highest challenge was ‘earning profit’ (mean score= 4.33), followed by ‘raising money’ (mean score= 4.16) and ‘access to funding’ (mean score= 4.00). This seems to be a universal problem when it comes to entrepreneurial activity (Harding and Cowling, 2006; Bornstein and Davis, 2010; Buckner et al., 2012). The second highest challenge was related to ‘government approval’ (mean score= 4.16) and this is not surprising considering that the Jordanian public sector is highly bureaucratic and has many restrictive and complicated laws in place that govern NGOs. The third was ‘finding skilled employees’ (mean score=4.16). This is surprising considering the high levels of unemployment in the Kingdom, particularly amongst university graduates. This may be related to the fact that many Jordanians see this type of work as voluntary acts of altruism rather than a consciously chosen career path- a mindset that must change. Likewise, ‘keeping qualified employees’ was also slightly challenging (mean score= 3.91) and may be attributed to the fact that the many difficulties (especially financial) faced in this sector push employees to seek other, more rewarding career options.

Jordanian social entrepreneurs seemed to have a problem in ‘conveying their business idea’ to their target audiences (mean score=4.00). No matter how well these entrepreneurs understand the social issues at hand, are ambitious and self-confident, if they can’t explain

themselves to the public, then this will be a severe handicap especially in terms of funding, gaining support for their activities and recruiting personnel. Nearly two thirds of social entrepreneurs believe that improving quality of life can be a challenge (mean score= 3.75) which is quite unfortunate, since most social entrepreneurs are optimistic individuals (Harding and Cowling, 2006). This is a point for further research as it can eventually discourage social entrepreneurs from continuing in this field.

The respondents did not find 'support from their family and friends' to be a problem (mean score= 2.83). However, they felt that 'getting support from business people' was more challenging (mean score= 3.58) and this draws attention to the need to foster closer ties with the private sector. 'Competition from others', was not seen as a challenge (mean score=2.50).This is an interesting observation, and reflects the high level of maturity in these social entrepreneurs. Since their activities are driven by social benefits rather than profits, competition should not be a threat. On the contrary, competition should be perceived as beneficial and helpful for the greater good of society. Jordanian social entrepreneurs believe that 'acquiring technologies' is not a challenge (mean score=2.75). The IT sector in Jordan is extremely developed and internet and mobile usage amongst Jordanians is high. In fact, it is the IT sector that is fueling the entrepreneurship movement in the Kingdom.

Conclusion and Recommendations for Policy Makers

Social entrepreneurs can be the much needed catalysts for change in both Jordan and the surrounding region; capable of empowering others, building capacity and bringing about positive changes at all levels of society.

Building collaborative networks is crucial if social initiatives are to be successfully implemented. This requires close collaboration between social enterprises, the private sector, the government and the community. If the Jordanian government and policymakers want to harness the potential of its youth, in order to spearhead socioeconomic development post-Arab Spring, then it must continue to recognize and reward social innovators. Serious reforms are needed in the legal and regulatory framework for establishing NGOs and hybrid social enterprises. The government must provide support for the broader SE ecosystem, so that it is able to cultivate innovation and draw talented individuals to the sector. Education institutions need to embed entrepreneurship into their curriculums with a special emphasis on the benefits of SE. Existing NGOs need to look beyond philanthropic and charitable solutions and focus on entrepreneurial activity in order to find sustainable ways to grow their businesses.

Limitations and Recommendations for Further Research

It is hard to locate social entrepreneurs because there is a lack of public data or records. We had to rely on our own networks, resulting in a small sample size that affects the generalizability of our findings. Therefore, we recommend a larger study on the characteristics and challenges faced by social entrepreneurs. Future research could also focus on a study of local needs and how SE could be harnessed to provide solutions to these needs. The reason for the high failure rate of NGOs could also be investigated with a special focus on the needs of the people running such initiatives.

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