Integrating Social Innovation and Social Entrepreneurship: An Exploratory Study

Introduction

Over the past decade, social entrepreneurship has been increasingly recognized as an important subject of study with relevant literature expanding both in scope and influence (Austin, Stevenson, and Wei-Skillern 2006; Mair and Schoen 2007; Zahra et al. 2009). Recent areas of focus have included opportunity identification (Shaw and Carter 2007); social value creation (Macmillan 2003; Zahra et al. 2009); and building new business models (Mair and Schoen 2007; Seelos and Mair 2005). Unlike traditional entrepreneurs who are primarily profit-oriented, social entrepreneurs seek to empower the development of sustainable communities and pursue social goals with their projects (Emerson and Tewrsky 1996; Seelos and Mair 2005).

Notwithstanding the lack of institutions and financial resources required for their growth, there are instances where social enterprises have managed to achieve scale and sustainability in emerging economies (Mair and Schoen 2007). However, little attention has been given to the questions of social entrepreneurship in these quarters, with studies typically focusing on developed countries (Mair and Marti 2006). Taking into account the pressing need for innovative approaches to social and economic development in emerging markets, the significance of advancing research on the factors of success and failure of social enterprises in developing countries can hardly be exaggerated.

Social Entrepreneurship and Social Innovation

Social entrepreneurship emphasizes social change and innovation in solving social problems over profit-seeking (Dees and Anderson 2003; Drucker 1985; Schumpeter 1951). According to Phills, Deiglmeier and Dale (2008), social innovation is "the process of inventing, securing support for, and implementing novel solutions to social needs and problems". It is a challenging process involving the integration of business models and community empowerment, with a view to providing new effective answers to old social questions. While commercial initiatives may be socially innovative in their own right, social enterprises are more narrowly defined as empowerment-oriented and sustainable, taking courses which businesses may find unprofitable.

Several studies emphasize the importance of innovation and creativity for entrepreneurial activities to create social value (Dees and Anderson 2003; Schumpeter 1951). According to Phills, Deiglmeier and Dale (2008), the elements of innovation include, besides the creation of a new product or service, the innovation itself; the adoption and diffusion of the innovation; and the ultimate value created by the innovation. A new framework is therefore needed which integrates social innovation within the process of social entrepreneurship.

This study aims to offer a social entrepreneurship framework which integrates entrepreneurial characteristics, motivations and capabilities with social innovation, aiming to maximize social value along with entrepreneurial success and sustainability.

Social Entrepreneurship Framework

Human capital has been found to be of key importance to understanding resource capabilities in all enterprises. This is particularly the case for social enterprises. Dakhli and De Clercq (2004) suggest that industry-specific human capital may play an important role in the generation of innovative activity within an industry if it is characterized by high quality knowledge exchange among the main players within that industry. There is also evidence that an entrepreneur's social skills and social networks can influence outcomes for both new ventures and established organizations (Baron and Markman 2003). Both tangible and intangible resources are critical constituents of social entrepreneurship (Hitt et al. 2011; Hitt, Lee and Yucel 2002). Intangible

resources can be even more important at the development stages of a social foundation, in contrast to the view proposed by Chaddad and Reuer (2009). Moreover, social value may be generated through the orchestration of valuable resources in a new way. Dynamic capabilities, the ability to develop new resources and share relevant knowledge, may facilitate social entrepreneurial processes and help identify new opportunities.

The contribution of innovation theories to social entrepreneurship is best reflected in the most prevalent views on the creation of social ventures, which revolve around the mobilization of different resources in a new way to solve existing social problems beyond personal benefit. Existing literature on entrepreneurship in general and social entrepreneurship in particular successfully identifies the resources and capabilities available to social entrepreneurs; but is criticized, however, for having failed to consider the innovative role of entrepreneurs in terms of the orchestration of different resources to play together in harmony. This study aims at filling this gap in literature by exploring the process of social innovation in social ventures, shedding light on individuals and their fruitful resources.

The proposed framework incorporates three major dimensions that affect the success of a social enterprise: 1) the characteristics and motivations of social entrepreneurs; 2) the optimal utilization of human, social and financial resources; and 3) the processes (including network building) whereby social entrepreneurs create the legitimacy and support required to generate positive social outcomes. Capitalizing on previous literature, the key variables of successful social enterprises are identified and incorporated into the proposed framework. While it is clearly illustrated that the three concepts are independently significant, the question of how they interact with each other and ultimately impact the process of social entrepreneurship is yet to be explored. Finally, the study seeks to empirically test the proposed framework on social enterprises in Egypt, as an example of emerging markets, in an attempt to enrich the components of the framework and explain the interactions among all factors leading to the successful creation of social value.

Research Methodology

Bearing in mind that the objective of the study is to understand the motivation behind, and the characteristics of, processes of social entrepreneurship, a qualitative approach based on in-depth interviews with both social entrepreneurs and industry experts was employed. The study is exploratory in nature, aiming at collecting insights and offering research propositions to be tested on larger samples in the future (Eisenhardt 1989; Yin 1984; Yin 2003). Furthermore, multiple case studies were conducted, allowing, on the one hand, for the examination of each individual case and identification of different variables, and, on the other hand, for the development of common propositions and emergent themes (Miles and Huberman 1994; Yin 1984).

Case studies focused on five different institutions. Conclusions were further confirmed/adjusted through interviews with three industry experts. Purposive sampling was used to ensure typicality, as required in an emergent area of study (Bryman and Bell 2003). Triangulation was used through the interviews with industry experts and reintegration with previous research in a thematic analysis (Attride-Stirling 2001). The objective was to minimize bias and present coherent views and meaningful description of the phenomenon within the new context. Data analysis, both within-case and cross-case, was sequentially conducted (Eisenhardt 1989; Yin 2009). Similarities and differences among various social foundations were thereby identified, providing a holistic picture of the phenomenon.

Cases were selected according the following criteria; 1) diversification of sectors; 2) availability of social innovation; 3) success of social enterprises; and 4) successful entrepreneurs. Five different sectors were covered in the study (healthcare, education, development projects, support for persons with disabilities, and human rights), with a view to enhancing the validity of the findings

through selection of a diverse sample and cross-case comparison (Creswell 2007). Validity and reliability are important to evaluate the quality of research (Morse et al. 2008).

Findings and Discussion

Upon reviewing the empirical data, it was concluded that the characteristics and motivation of social entrepreneurship in Egypt provided rich insights into the role of innovation in the process of social venture creation. A within-case and cross-case analysis suggested that innovative resource orchestration processes (including network building) enabled Egyptian social entrepreneurs to create legitimacy and support for their ventures. The findings highlight common features and patterns of social entrepreneurship across different models of innovative social entrepreneurial foundations.

Content analysis focused on four major themes: 1) characteristics of social entrepreneurs; 2) motivations; 3) tangible and intangible resources; and 4) the role of innovation during the social entrepreneurial process. These themes were then further divided to sub-categories; drawing upon the conceptual framework and supported by the empirical data. The analysis presented a number of different concepts which emerged under several factors identified from the data within the Egyptian context. These results could be applicable to other emerging countries with similar circumstances. The major themes revealed were: 1) perseverance and compassion as entrepreneurial attributes; 2) personal experience as a motive; 3) trust and reputation as intangible resources; 4) management expertise and knowledge among team members as human resources; and 5) diffuse leadership and teamwork as factors that facilitate the process of social entrepreneurship in an innovative and dynamic way.

Following the thematic analysis of the findings, along with the conclusions of previous literature, this study established a conceptual framework which seeks to give an accurate picture of the process of social innovation as carried out by Egyptian social entrepreneurs. First depicting the inclination of entrepreneurs towards engaging with social challenging, the study moves to show how entrepreneurs combine this impulse with their ability to innovate and orchestrate available resources, along with the typical characteristics of risk-taking, compassion and perseverance, to create social value and bring about change through their social ventures.

Conclusions and Future Research

This study makes a significant contribution to the literature on social entrepreneurship in various ways. First and most importantly, the research context itself is highly valuable, considering that social entrepreneurship in developing countries remains largely understudied (Zahra et al. 2009). Second, the integration of the concepts of social entrepreneurship and innovation with a view to understanding social activities is a novel theoretical approach, addressing a gap in literature that was highlighted by Pierre, Friedrichs, and Wincent (2014). Third, two conceptual frameworks are provided: the initial theoretical framework based on existing literature, and a final detailed framework based on empirical data.

The findings of the study are in line with established literature, placing much emphasis on social entrepreneurs and their characteristics. Based on these findings, it could be recommended that governments should seek individuals who are already socially motivated or have social goals and provide them with the necessary training. The findings could also be used to inform the current debate on the role of social entrepreneurs in Egypt, as well as policy-making efforts and future research on the subject within the Egyptian context.

Results revealed how social entrepreneurs developed a unique ability to combine their resources and skills to increase their base of legitimacy, trust and reputation, which in turn helps create social value and social change. A review of the policy and regulatory framework with regards

to social entrepreneurship in Egypt shows that although, policy has focused on entrepreneurial activity, support for social entrepreneurs and social enterprises remains rather lacking.

Finally, this study paves the way for future research on social entrepreneurship in other developing countries. It identifies common features and patterns among different innovative social enterprises. Findings from empirical data revealed the importance of creativity and innovation, as the enable social entrepreneurs to enhance their dynamic capabilities for the continuous learning process that leads to innovative social outcomes. In addition, the analysis reveals the prominent role played by intangible resources, such as human and social capital, including trust and reputation, in social entrepreneurship in Egypt. It is recommended to empirically test the proposed model in different empirical contexts and countries, and develop cross-industry and cross-country/region analysis with a view to optimizing the impact of social enterprises on society.

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