

## **UNDERSTANDING SOCIAL ENTREPRENEURSHIP AND BUSINESS ENTREPRENEURSHIP**

**Rahmat Setiawan<sup>1</sup>**

Airlangga University  
SURABAYA, INDONESIA  
E-mail: rahmatsetiawan@hotmail.com

### **ABSTRACT**

*This paper aims to review and discuss social entrepreneurship and business entrepreneurship. To analyze the issues, this paper makes analysis of differences and similarities between social entrepreneurship and business entrepreneurship. Social entrepreneurship and business entrepreneurship have a main difference in mission run by social entrepreneurs and business entrepreneurs. Social entrepreneurs have mission to create and sustain social value. But, business entrepreneurs have mission to create and sustain private business value.*

*On the other hand, social entrepreneurship and business entrepreneurship have similarities in four aspects: (1) Recognizing and relentlessly pursuing new opportunities to serve their mission, (2) Engaging in a process of continuous innovation, adaptation, and learning, (3) Acting boldly without being limited by resources currently in hand, and (4) Exhibiting heightened accountability to the constituencies served and for the outcomes created. By analyzing differences and similarities between social entrepreneurship and business entrepreneurship, we can clearly understand what is social entrepreneurship and business entrepreneurship.*

**Keywords:** Entrepreneurship, Social Entrepreneurship, Business Entrepreneurship, Social Value, Private Business Value

### **INTRODUCTION**

Entrepreneurship is one of the most popular issues now, both in empirical studies and in literature studies. Especially in literature studies, the issue of entrepreneurship has been reviewed and discussed in many literatures, not only in business literatures, but also in non-business literatures. It shows that the field of entrepreneurship has many dimensions, including business dimension and non-business dimension (for example: social dimension). Therefore, in the literature studies of entrepreneurship, there are topic of business entrepreneurship (see:

Rampini, 2000; Manuel, 2006) and topic of social entrepreneurship (see: Licht and Siegel, 2006; Dees, 2001, and Seelos and Mair, 2005).

According to Seelos and Mair (2005), a growing number of initiatives all over the globe seem to be defying the obstacles that have prevented business from providing services to the poor. Collectively, those initiatives constitute a phenomenon that has been dubbed “social entrepreneurship”. Employing novel types of resources and combining the in new ways, social entrepreneur is a rich field for discovery of in spired models of value creation (Seelos and Mair, 2005).

This paper addresses the issue of social entrepreneurship and business entrepreneurship. To develop the issues, this paper is arranged into five parts, including (1) introduction, (2) definition and characteristics of entrepreneurship in generally, (3) social entrepreneurship, (4) business entrepreneurship and (5) conclusion based on literature studies of these topics and making differences and similarities between social entrepreneurship and business entrepreneurship.

## **ENTREPRENEURSHIP**

Term of entrepreneurship has many meanings. There are many definitions of entrepreneurship. According to Ahmad and Seymour (2008), definitions of entrepreneurship show in table 1.

**Table 1.** A Superficial Review of Extant Definitions

<b>No</b>	<b>Essence of definition</b>	<b>Publication</b>
1	Entrepreneurship buy et certain prices in the present and sell at uncertain prices in the future. The entrepreneur is a bearer of uncertainty	Cantillon, 1755/1931
2	Entrepreneurs are ‘pro-jectors’.	Defoe, 1887/2001
3	Entrepreneurs attempt to predict and act upon change within markets. The entrepreneur bears the uncertainty of market dynamics.	Knight, 1921, 1942
4	The entrepreneur is the person who maintains immunity from control of rational bureaucratic knowledge.	Weber, 1947
5	The entrepreneur is the innovator who implements change with in markets through the carrying out new combinations. These can take several forms: <ul style="list-style-type: none"> <li>• the introduction of a new good or quality thereof,</li> <li>• the introduction of a new method of production,</li> <li>• the opening of a new market,</li> <li>• the conquest of a new source of supply of new materials or parts, and</li> </ul>	Schumpeter, 1934

	<ul style="list-style-type: none"> <li>• the carrying out the new organization of any industry.</li> </ul>	
6	The entrepreneur is always a speculator. He deals with the uncertain conditions of the future. His success or failure depends on the correctness of his anticipation of uncertain events. If he fails in his understanding of things to come he is doomed...	Von Mises, 1949/1996
7	The entrepreneur is co-ordinator and arbitrageur.	Walras, 1954
8	Entrepreneurial activity involves identifying opportunities within the economic system.	Penrose, 1959/1980
9	The entrepreneur recognizes and acts upon profit opportunities, essentially an arbitrageur.	Kirzner, 1973
10	Entrepreneurship is the act of innovation involving endowing existing resources with new wealth-producing capacity.	Drucker, 1985
11	The essential act of entrepreneurship is new entry. New entry can be accomplished by entering new or established markets with new or existing goods or services. New entry is the act of launching a new venture, either by a start-up firm, through an existing firm, or via 'internal corporate venturing'	Lumpkin & Dess, 1996
12	The field entrepreneurship involves the study of sources of opportunities; the processes of discovery, evaluation, and exploitation of opportunities; and the set of individuals who discover, evaluate, and exploit them.	Shane & Venkataraman, 2000
13	Entrepreneurship is a context dependent social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit marketplace opportunities.	Ireland, Hitt, & Sirmon, 2003
14	Entrepreneurship is the mindset and process to create and develop economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or an existing organization.	Commission of the European Communities, 2003

**Sources:** Ahmad, Nadim and Richard G. Seymour, 2008. Defining Entrepreneurship Activity: Definitions Supporting Frameworks for Data Collection. Working Paper. Organization for Economic Co-operation and Development.

Based on information in table 1, before Schumpeter proposed his definition of entrepreneurship in 1934, definitions of entrepreneurship were very simple. But, since 1934, definitions of entrepreneurship become very complicated. All definitions of entrepreneurship that summarized by Nadim and Seymour (2008),

do not make differences between business entrepreneurship and social entrepreneurship definition. In other words, all definitions of entrepreneurship are still general. Therefore, in general, the characteristics of entrepreneur include: high need for achievement, willingness to take risks, strong self-confidence, high ability to identify potential opportunities better than most people, high sense of urgency that makes them action oriented, high detailed of the keys to success in their work and their lives, and high access to outside help to supplement their skills, knowledge and abilities, high ability to create value, being able to make innovation and to become change agent (Nadim and Seymour, 2008; Manuel, 2006, and Dees, 2001). These characteristics of entrepreneurship above is general, so they are included in both business entrepreneurship and social entrepreneurship.

## **SOCIAL ENTREPRENEURSHIP**

According to Dees (2001), 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 in creating and sustaining social value,
- Engaging in a process of continuous innovation, adaptation, and learning to create and sustain social value,
- Acting boldly without being limited by resources currently in hand to create and sustain social value, and
- Exhibiting heightened accountability to the constituencies served and for the outcomes created in social mission.

This is clearly an “idealized” definition. The closer a person gets to satisfying all these conditions, the more that person fits the model of social entrepreneur. Those who are more innovative in their social work and who create more significant social improvement will naturally be seen as more social entrepreneurial (Dees, 2001). The definition of social entrepreneurship is consistent with the definition of entrepreneurship proposed by Paredo (2006) and Seelos and Mair (2005).

Social entrepreneurship doesn't mean that the entrepreneur may not gain profit, but looking for profit is not a social entrepreneur mission. Focus of a social entrepreneur is creating and sustaining social value. Refer to Seelos and Mair (2005), social entrepreneur combines the resourcefulness of traditional entrepreneurship with mission to change society. One social entrepreneur, Ibrahim Abouleish, received the “Alternative Nobel Prize” for his Sekem initiative. In 2004, e-Bay founder Jeff Skoll donated 4.4 million pounds to set up a social entrepreneurship research center. And, many social entrepreneurs have mingled with their business counterparts at the World Economic Forum in Davos.

## **BUSINESS ENTREPRENEURSHIP**

On the other hand, based on notion stated by Dees (2001), business entrepreneurs play a role as change agents in the business sector, by:

- Adopting a mission to create and sustain private business value,
- Recognizing and pursuing new opportunities to implement that mission to create and sustain private business value,
- Engaging in a continuous innovation, adaptation, and learning process in creating and sustaining private business value,
- Acting boldly without being limited by owned resources in creating and sustaining private business value,
- Exhibiting high accountability to their constituencies and for the outcomes created in realizing their business mission.

Based on the definition, a person who has more business entrepreneurial will have more power of innovation in doing the private business and will be able to make more significant improvement in the private business. So, the main key words attached to a business entrepreneur are “private business mission”.

The focus of business entrepreneur mission is creating and sustaining private business value. Therefore, mission of business entrepreneurship do not focus in social mission, for examples: alleviating poverty, empowering communities, promoting education, protecting environment, etc. Specifically, the mission of business entrepreneur is consistent with the goal of business in traditional economic literatures. The goal of business entrepreneur is to maximize profit or to maximize value of his business. Therefore, the main issue in business entrepreneurship is self-interest of the entrepreneur especially in maximizing profit by doing private business.

## **CONCLUSION**

In this part, we conclude that there are differences and similarities between social entrepreneurship and business entrepreneurship. Differences between social entrepreneurship and business entrepreneurship are showed by difference mission between social entrepreneurship and business entrepreneurship. The mission of social entrepreneurship is creating and sustaining social value, and the other hand, the mission of business entrepreneurship is creating and sustaining private business value. The similarities between social entrepreneurship and business entrepreneurship include four aspects. First, both social entrepreneurship and business entrepreneurship recognize and relentlessly pursue new opportunities to implement their mission. Second, both social entrepreneurship and business entrepreneurship engage in a process of continuous innovation, adaptation, and learning to realize their mission. Third, both social entrepreneurship and business entrepreneurship must act boldly without being limited by resources currently in hand to implement their mission. Forth, both social entrepreneurship and business

entrepreneurship exhibit high accountability to the constituencies served and for the outcomes created in realizing their mission. By reviewing differences and similarities between social entrepreneurship and business entrepreneurship, we will deeply understand the meaning of social entrepreneurship and business entrepreneurship.

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