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Context-Dependent Dynamics
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SOCIAL ENTERPRISE - CONTEXT-DEPENDENT DYNAMICS IN A GLOBAL PERSPECTIVE

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Meet the editor



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Preface

With the collapse of state socialist regimes, the political, sociological, and economic academic debate and research was partly focused on exploring “non-governmental and not-for-profit organizations” considered by the contemporary civil society theory as the essence of civil society. Those organizations were often invoked as “the sitting of sitting” [19] the place where individuals could be grouped according to the precepts of solidarity, rather than those of power or money. This idea inevitably produced “an interesting array of sentiments,” which led to the notion of failed state or rolled-back state and the upraising of any non-governmental institutions over the governments and the markets [20]. However, scholars such as [13] and, later, [5] made very strong critiques to this idea and claimed that this argument was based on false assumptions. Those scholars stressed that once people have left the more intimate sphere of family and friendship and they begin to interact with other members in civil society organizations, such interaction will be also marked by conflict, mediation, or compromise, which is the stuff of politics, and will they compete over scarce resources, which remain the stuff of economics.

Today we have a clear confirmation that this critique was right: from the end of the 1990s, both in Europe and in the United States, mainly due to the growing professionalization of not-for-profit organizations and their growing use of market resources [7], there has been a gradual shift towards the broader notions of social enterprise and social entrepreneurship [8; 18]. As also described in this book, social enterprise and social entrepreneurship can now be observed in various types of organizations (including public agencies) and in various economic sectors [1, 6].

When we look closely at Europe and the United States we discover that there are three main attempts to define the concept of social enterprise (and, obviously, it is mirrored in many other developed and developing countries around the world):

a) *the earned-income not-for-profits approach* - this is based on the general idea that, when earned income becomes necessary and vital for the sustainability of a not-for-profit organization, then this organization will tend to develop market activities and will be increasingly seen as an enterprise. Indeed, one cannot ignore that a growing number of not-for-profit organizations, which have traditionally depended on public funding, have become involved with selling services, products and other commercial activities [16, 3];

b) *the not-for-profit-cooperative approach* – as eloquently described by Popoli in this book, this approach “appeared for the first time in Europe, and specifically in Italy, in the late 1980s, with the birth of many new cooperative initiatives to respond to unmet needs, especially in the area of integration into the workplace, as well as in the field of personal services, required by a changing socio-demographic context marked by an aging population and a

changing family structure. Unlike the traditional forms of cooperation, whose activities are aimed at the members' advantage, these new social initiatives address society at large, and are linked to general interests. And for the involved stakeholders as well, while traditional cooperatives were usually single-stakeholder, the governance of the ascent social enterprise included various types of stakeholders, therefore taking on a multi-stakeholder perspective" [see also 2 and 17];

c) *the social business approach* - this addresses the concept of social enterprise by bringing in many notions, from community business to social business, from social entrepreneurship to corporate social responsibility. This approach is particularly influenced by the US and UK concepts of social innovation and community business respectively. The UK Government, in particular, did a great job in sending a powerful message to the rest of the world. Indeed, the UK Government defined social enterprise as "a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners" [12]. Two major streams of thought are formed around this idea. The first views the social business as an extension of the not-for-profit that needs to earn income to sustain its charitable mission. Supporters of this school of thought can easily identify themselves with the earned-income approach described above. The second stream focuses more on social innovation and recognizes social entrepreneurs as change agents in the social sector. Beyond the differences between these two schools of thought, these enterprises are expected to share three characteristics [see 1 and 8]: i) social purpose - addressing social issues is perceived as the mission of these enterprises; ii) business model: adopting business models is the method chosen to resolve social problems; iii) innovation: pursuing new opportunities to serve the mission by engaging in a process of continuous innovation, adaptation and learning is the strategy adopted by social businesses.

Those distinct approaches generated different meanings of social enterprise and social entrepreneurship with a consequent lack of a common accepted international view in the literature. If we look at the most quoted international comparative studies [1, 15, 4, 10, 11] we find that most of these works are based on country-chapters describing and comparing the emergence of social enterprise without reflecting enough on the uniqueness of social enterprise in some specific contexts and, especially, on how those specific country-features combine with elements of both the European and American approach.

This book has the objective of shedding a light on the similarities and differences of social enterprise practices across the international scene. Most of the reviewed book-chapters included in this volume contain important empirical findings derived from researches conducted by the authors in Middle East and North Africa (regions, these, which lack comparative researches on social enterprise and social entrepreneurship), East and West Europe, Southeast Asia, and Latin America. From this perspective the book fills an important knowledge gap while also making a contribution to sorting out the competing and contrasting predictions of social enterprise. By exploring context-dependent dynamics in a global perspective, the authors address potential opportunities and benefits of social enterprise that may help to find solutions to face emerging social needs while also revealing some of the major challenges associated with the social business model. Written by leading academics, this book will be of interest not only to students and academics of social enterprise and entrepreneurship but also to those international practitioners who are looking for new approaches for sustainably tackling emerging social challenges.

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Social Enterprise Perspectives

A Comparative Study of Social Enterprises: North vs. South Perspectives

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Additional information is available at the end of the chapter

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Abstract

Social entrepreneurship as a practice that integrates economic and social value creation has a strong global presence. This chapter capitalizes on the evolution of the concept of social enterprise in the Western literature to analyze its manifestation in the Middle East and North Africa (MENA) region. Specifically, using empirical evidence from seven Arab countries, this chapter documents the understanding and application of social enterprises in the MENA region. Through the voices of social entrepreneurs who are working across the MENA countries, we document how social enterprise is displayed in practice along with both the constraints and the opportunities facing social entrepreneurs across this region. This new context-specific approach is then used to shed light on the similarities and differences of social enterprise practices across the international scene and the MENA region. The findings presented highlight the uniqueness of social enterprise in the MENA context, combining elements of both European and American approaches, in addition to some context-specific features.

Keywords: Europe, MENA region, social entrepreneurship, social enterprise, the United States

1. Introduction

Social entrepreneurship and social enterprise continue to advance and seem to be increasingly recognized as an addition to the traditional business lexicon, given their immense potential for shared value creation. Scholars have framed social enterprise and social entrepreneurship [1–3] as an encompassing set of strategic responses to a variety of environmental and situation-

al challenges that nonprofit organizations face today [4]. Although there is no consistent usage of the term “social entrepreneurship” in the academic literature, the broad definition of social entrepreneurship refers to a business mindset [5], in the for-profit or nonprofit sectors, which shows sensitization to social value creation [6]. Similarly, the term “social enterprise” has a vast array of meanings. According to Young [7], a social enterprise varies from classical business and traditional nonprofit activity, integrating elements of the social purpose, the market orientation, and the financial performance standards of business. Overall, the definitions of social entrepreneurship and social enterprise vary to a great extent at the international level with a number of authors using the two interchangeably [8,9].

Despite soaring interest in recent years, the knowledge of social enterprises is still nascent across the Middle East and North Africa (MENA) region [10]. The current chapter’s contribution is intended to document the evolving understanding and application of social enterprises in this part of the world. This chapter draws on the literature on social enterprise and tries to document and capture its manifestation in the MENA region by exploring comparative linkages. Through the voices of practitioners and social entrepreneurs who are working across the region, and the rich empirical qualitative fieldwork across a number of countries in this region (e.g., Egypt, Jordan, Lebanon, Tunisia, UAE, KSA, and Qatar; Table 1), we document how social enterprise is manifested in practice along with the constraints and opportunities facing social entrepreneurs across this region. Our contribution is thus intended to complement recent efforts at tracing and trying to gain an understanding of what social entrepreneurship actually means and how it is enacted in a region and context that remain largely underexplored [10]. We also compare our findings to what we know about social entrepreneurship in developed countries to highlight peculiarities and differences. Throughout the chapter, we use the terms “social enterprise” and “social entrepreneurship” interchangeably.

Social enterprise	Country	Sector
Case 1	Egypt	Solar energy
Case 2	Egypt	Education
Case 3	Egypt	Education and responsible tourism
Case 4	Egypt	Agriculture
Case 5	Egypt	E-commerce
Case 6	Jordan	Healthcare
Case 7	Jordan	Recycling
Case 8	Jordan	Tourism
Case 9	Jordan	Education
Case 10	Jordan	Education
Case 11	Jordan	Tourism
Case 12	Lebanon	Social entrepreneurship support
Case 13	Lebanon	Agribusiness

Social enterprise	Country	Sector
Case 14	Lebanon	Services
Case 15	Lebanon	Agribusiness
Case 16	Tunisia	Financial services
Case 17	Tunisia	Agribusiness
Case 18	Tunisia	Agribusiness
Case 19	Tunisia	Education
Case 20	Tunisia	Handicrafts
Case 21	UAE	Social entrepreneurship support
Case 22	UAE	Healthcare
Case 23	UAE	Recycling
Case 24	UAE	Handicrafts
Case 25	UAE	Tourism
Case 26	UAE	Handicrafts
Case 27	KSA	Services
Case 28	KSA	Social entrepreneurship support
Case 29	KSA	Recycling
Case 30	Qatar	Consulting
Case 31	Qatar	Education
Case 32	Qatar	Education
Case 33	Qatar	Edutainment

Table 1. List of the interviewed social enterprises.

2. Overview of the literature on social enterprise

Social enterprise has gained greater visibility and recognition in recent years as a business-like contrast to the traditional nonprofit organization [4]. Social enterprise differs from the traditional understanding of the nonprofit organization in terms of strategy, structure, norms, and values and represents a radical innovation in the nonprofit sector [4]. A social enterprise is fundamentally defined as a business venture trading for a social purpose. Its main aim is to mitigate a social problem, a market failure, or an inequality in distribution [1,11,12].

Since the 1980s, social enterprise initiatives in the United States and Europe have acquired growing importance [13]. Although social enterprise has become an increasingly popular means of funding and supplying social initiatives in the two regions, the concept of social enterprise differs from one region to another. Such differences arise from contrasting forces characterizing and shaping the movement in each region [13]. In terms of understanding,

context, and policy *vis-à-vis* social enterprise, two main approaches can be identified at the international level.

The first approach, prevalent across Europe, combines the entrepreneurial component of nonprofit organizations with the innovative potential of the for-profit companies. The European Research Network (EMES) proposed a common approach to the study of social enterprises in Europe by combining two existing concepts of organizations: the nonprofit sector and the social economy. The concept of social enterprise introduced by EMES aimed at enhancing third-sector concepts by highlighting entrepreneurial dynamics tackling social aims within the sector while also capturing the evolutionary trends involving the sector of social services [14]. One defining characteristic of the European social enterprise is the setting up of an institutional structure designed to achieve a social goal through a continuous activity producing goods and/or selling services [8,13]. Additionally, the collective and participatory dimensions are key features of European social enterprises, which generally aim to reduce the possibility of opportunistic behavior by individuals [15]. According to this perspective, “social enterprises may be seen as more oriented to address the needs of the most fragile segments of society, as they put more emphasis on the dimension of general interest when compared to traditional nonprofit organizations and especially donative nonprofit organizations” [8]. As stated by Clotfelter [16], there is empirical evidence that the main goal of traditional nonprofit organizations tends to address opulent consumptions rather than serving the poor.

The second approach represents the U.S. perspective, where terms such as social entrepreneurship, social entrepreneur, and social enterprise started to also proliferate and are commonly used interchangeably [17]. This approach is much broader and more focused on enterprise for the sake of revenue generation than what we encounter in the European definitions [13]. Thus, the term “social enterprise” is more generally used as a synonym for nonprofit organizations that are not simply managing productive activities but are also becoming more market driven [4]. Using this broader conception or approach, for-profit organizations with the goal of collecting revenues to fund social activities, and not necessarily built around a single social mission, also qualify as social enterprises [8]. In this respect, the existence of an institutional arrangement specifically designed to serve a social goal is therefore not a necessary condition for social enterprises. Furthermore, in U.S. academic circles, there is an emphasis on the individual dimension or the social entrepreneur as an agent of change tackling social problems overlooked by other actors in different fields of general interest [8]. The U.S. perspective is therefore not only broader in terms of the spectrum of initiatives that qualify as social entrepreneurship but also more sensitive or alerted to the significant role of individual entrepreneurs as potential architects of positive social change in their respective societies.

When analyzing the two approaches of social enterprise, it becomes evident that the main differences identified stem from the specific context in which these concepts were constructed. Therefore, the context dependence of social entrepreneurship comes across as an important consideration that has not been accorded sufficient attention beyond the traditional Western contexts (e.g., Europe and the United States). With pressing socioeconomic and environmental concerns becoming widespread in both developed and developing countries, there is a need

to complement what we know and supplement knowledge about social entrepreneurship by looking at other regions and contexts, where scholarship on the topic continues to be scarce [10]. Moreover, with increasing financial transgressions documented in the West, investors and entrepreneurs are increasingly focusing on the developing world, where the concept of social entrepreneurship is gaining increasing traction and interest. This is also the case in the MENA region, which has witnessed a surge in social entrepreneurial efforts in recent years, although the promise and impact of those efforts have not been systematically assessed. We thus focus in this chapter on documenting how social entrepreneurs are leveraging the power of business to generate positive social innovations across this region. We also document in the process what is unique or different about social entrepreneurship in this region particularly when compared to mainstream approaches including what is encountered in the United States and Europe.

Research on social entrepreneurship still lags far behind the practice [18], particularly in developing countries that have received less attention in the literature [4,8,10,13]. Drawing on rich qualitative empirical fieldwork and interviews with social entrepreneurs across a number of Arab countries, we begin to document the evolving understanding and practice of social entrepreneurship in this part of the world. This effort helps to fill an important knowledge gap while also making a contribution to sorting out the competing and contrasting predictions of social enterprise [4]. We also adopt in this discussion section a comparative perspective or outlook to allow for an interpretation of the findings in context, comparing and contrasting to what we know about social entrepreneurship in other parts of the world.

3. Regional context

The recent Arab uprisings served to highlight deep-rooted socioeconomic problems facing countries of the MENA region. With a population of more than 345 million, half of whom are under the age of 25, the region has among the highest youth unemployment rates and the lowest labor force participation rates by women in the world [19,20]. Additionally, the region continues to struggle with a myriad of social and economic problems, including poverty, discriminatory access to quality healthcare and education, and gender inequality. These pressing social and environmental problems require urgent attention, which accentuates the need for positive change through social enterprise. Evidence shows that social entrepreneurship drives the creation of sustainable economies, which are crucial for the development of the MENA region today [21], given the stagnating patterns of economic development. Such initiatives can be specifically relevant to emerging country contexts where the traditional social sector activities are often seen as inefficient, ineffective, and unresponsive [22].

In this context, social entrepreneurship presents a significant potential for addressing the region's challenges by complementing the efforts of governments, civil society organizations, and the corporate social responsibility (CSR) initiatives across the region [23]. Additionally, there is a number of factors that can help in the integration and advancement of social enterprise in the MENA countries. The recent events in the region have created a sense of youth empowerment translating into an array of social entrepreneurial efforts tackling cultural

activities, health, agriculture, water and sanitation, and women empowerment, among others [10]. The region has also witnessed over the past few years a substantial increase in the infrastructure supporting social entrepreneurship, such as dedicated centers, social incubators, and accelerators [10]. The fast development of the technology sector in the region can also stimulate technology-oriented social entrepreneurial investments [24]. On the contrary, there are many challenges that can slow the progress of social entrepreneurship across the MENA region, including the limited availability of funds, tight legal restrictions, brain drain, and poor infrastructure, which have only begun to receive some attention in recent years [10].

Although social entrepreneurship is not new to the region, only a few are familiar with the terminology of this concept [25]. The region is currently witnessing a proliferation of social enterprises that are tackling education and talent development, healthcare, and women empowerment [10]. Although some of the conducive factors leading to the recent growth of social entrepreneurship in this region have begun to be traced and identified, including the growth of regional social enterprise incubators and accelerators and the increased availability of investment funds [21], the existing knowledge base pertaining to this important topic is thin at best, which may serve to limit the further evolution and expansion of social entrepreneurship in this region. This book chapter is therefore intended to complement what we know about social entrepreneurship from a Western perspective (mainly the United States and Europe) by providing a Middle Eastern flavor, thus contributing to nurture our understanding of social entrepreneurship as a nascent phenomenon and its potential implications both in this region and more globally.

4. Methodology

This chapter aims at filling the literature gap by empirically examining the performance of select social enterprises in the MENA region. Our study is based on 33 in-depth interviews conducted with social entrepreneurship decision-makers and stakeholders from Egypt, Jordan, Lebanon, Tunisia, UAE, KSA, and Qatar (Table 1). The enterprises in our sample belonged to different sectors, including education, handicrafts, services, and energy. The interviews were conducted as part of a wider research project on the trends of corporate responsibility and social entrepreneurship in the Arab region. Through a qualitative research methodology, this chapter presents a summary of the diagnostic results on social enterprise practices and capitalizes on the empirical data to synthesize insights about social entrepreneurship in the MENA countries.

5. Social enterprise in the MENA region

The findings of our study are presented here in the aggregate with respect to the main themes explored. The interviews revealed that most of the business models aimed at tying commercial activities to social value creation as opposed to adopting a model where social and commercial activities are detached. The business models of the majority of enterprises in our sample were

based on selling products or services to affluent consumers and companies, however. Services included selling consulting services and tourism trips, whereas products ranged from handicrafts to organic produce and solar energy technologies. Additionally, there was a consensus among interviewees regarding the importance of developing a flexible business model to achieve growth and survival in such uncertain environments. Although all of the entrepreneurs can be considered as innovators, as they decided to avoid the traditional donor-driven developmental template, the models of the interviewed social enterprises were not innovative in the sense of introducing new disruptive solutions to pressing societal challenges. Social enterprises in our sample targeted primarily affluent customers and businesses, with fewer innovative strategies identified aiming to integrate marginalized segments of society as consumers or users. Moreover, all interviewed enterprises implemented traditional solutions with the minimal use of technology. Such lack of innovativeness significantly limits the potential growth in scale and impact and potentially jeopardizes the longevity of the sector as a whole. For example, one of the interviewees stated that, due to the outdated technology systems used in the enterprise, he faced significant difficulties in scaling and expanding the business model in accordance with the increased demand that the venture is facing.

Only two social entrepreneurs had adopted an online advertising model (Cases 2 and 6). As mentioned by these interviewees, both enterprises were experiencing additional challenges in implementing and sustaining the online model given their need to attract high business traction when compared to traditional purely commercial websites. This hindered their ability to attract advertisements and thus generate revenues. Moreover, only a few of the interviewed enterprises have actually expanded their reach and impact to date. For example, one of the companies operating in the renewable energy sector reached agreements with large companies to implement large-scale projects, but the majority of the enterprises interviewed were growing incrementally and trying to alleviate obstacles that many owners conceded were rather overwhelming and difficult to address through individual initiative.

With regard to financing, almost half of interviewed entrepreneurs started their enterprises using their own savings. In later stages, some of those entrepreneurs continued to self-finance their entrepreneurial projects, whereas others reported obtaining financing from different sources of funding, including grants, competition awards, and friends and family. After completing the testing phase, some of the interviewed entrepreneurs declared that they adopted a commercial approach in generating funds by relying on sales revenue. However, only a small number of interviewed enterprises reported reaching a stage of financial self-sufficiency; these included two enterprises from the services sector in Lebanon and an enterprise from the healthcare sector in Egypt. For some of the other enterprises, access to resources was ensured through grants from the private sector, donor organizations, and social entrepreneurship support organizations, such as Ashoka and Synergors, among others. Some funding also originated in CSR budgets, competitions and awards, and fellowships. The representative of Case 11 captured the theme of external support in this discussion: "Winning an award helped us a lot in the strategic issues and how to think in a correct way. Also, the mentors and consultants I dealt with made a huge difference." Additionally, most of the enterprises relied on international funding as opposed to local resources. In this respect, the

representative of Case 13 noted: “Our main sources of funds are Agence Française de Développement (AFD) and a Swiss foundation that are supporting our projects.” It is interesting to note here that only few of our interviewed entrepreneurs made reference to governmental organizations as sources for project funding; these included a UAE-based social enterprise that has mobilized support through a Governmental Entrepreneurship Support Fund. Additionally, only two of the enterprises in the sample declared raising additional capital from investors to expand the scope of their business activities; these were Egypt-based enterprises from the healthcare and energy sectors. This means that social enterprises in the MENA region are going about mobilizing and soliciting funding in ways that are very similar to what is commonly encountered in the traditional nonprofit sector. In this respect, the limited availability of donors has led to a growing competition on grants and funds within the social enterprise sector in the region. Accordingly, the survival and growth of social enterprises in the MENA region is dependent on sustained availability of funds in the future.

In terms of best practice sustainability efforts, the vast majority of those enterprises appeared to adopt at least one best practice sustainability behavior. For example, about half of interviewed entrepreneurs referred to stakeholder engagement through the stages of their organizational development. As for corporate governance, many of the sampled social ventures emphasized the role of good corporate governance and accountability processes in maintaining sustainable growth. Most of the ventures had a functional board of trustees or advisors that was responsible for ensuring the achievement of the social mission. Many of the entrepreneurs were also producing regular reports on how the firm was meeting and advancing its social goal. Additionally, many entrepreneurs made reference to responsible workforce activities such as employee empowerment and supply chain activities including choosing environment-friendly suppliers. With respect to environmental practices, six of the social enterprises were involved in creating energy efficient products, whereas only four of the interviewed enterprises were engaged in green activities such as paper recycling, water-saving initiatives, waste management, and tree planting. Finally, although many of the social enterprises were tracking their progress internally, the vast majority did not report their sustainability practices to the public. In brief, social enterprises in the MENA region are still lacking a sustainable business model that can ensure their long-term survival and growth. The absence of sustainable development again risks dissolving with time the much-needed social for-profit entrepreneurial business model to something that resembles more the not-for-profit scheme.

Entrepreneurs explicitly identified their social mission as the impact they want to accomplish through their ventures. Extending this view, the representative of a social enterprise in Egypt indicated: “So, for the development of doctors, we take young doctors, promising young graduates who have the knowledge but not the life experience or connections of starting a practice with all its issues. So usually the normal model for the doctor would be to struggle, doing shifts in hospitals and trying to maybe leave the country, go to another country to just work, and to save money to open a clinic in Egypt again. We allow them to enter the medical system and to start practicing; this is very unusual in the Egyptian ecosystem where the ability of doctors to practice is largely based on a family member’s reputation; we are trying to change

that." Another interviewee summarized the venture's purpose as follows: "By becoming employees (marginalized women), their whole system is going to change; they will get money to improve their houses and will be able to access health services. We are also providing insurance schemes and some kind of educational support for children." The environmental impact was highlighted as well by the representative of Case 7: "Our impact is mainly related to environmental sustainability because we do recycling, waste management, and consulting; we do this to improve environmental sustainability, so we teach our clients how to reduce waste and how they can reuse what they already have and then how they can recycle."

In terms of impact monitoring and measurement, only one of the sampled ventures had developed an appropriate monitoring system. According to the majority of interviewees, the implementation of such systems was considered as a burden that is too complex and time and resource consuming. Findings also showed that social enterprises in our sample do not have access to the training and skills that are required to introduce such performance systems. This low uptake of impact and evaluation is a serious drawback that social entrepreneurship in the MENA region is facing. Performance analysis can offer social enterprises a competitive advantage and help alleviate potential loss of credibility or relevance. Such processes allow expressing the social objective of the business in a measureable way and provide for further transparency and accountability, which are key to the differentiation of social enterprises from their not-for-profit counterparts. Performance and impact measurement are also key in reducing transaction costs, improving productivities, and staying aligned with strategic objectives. They also allow an organization to identify best practice, benchmark progress with relevant metrics and indicators, make informed budgetary decisions, and put the necessary control processes in place to ensure continuous progress [26]. In the absence of such impact monitoring and measurement systems in the majority of social enterprises, the effective delivery on the social mission is seriously put in question, jeopardizing in turn the long-term survival of the social enterprise sector.

The interviews finally documented that social enterprises faced many salient challenges in managing their business. Access to capital and financial resources were characterized by all interviewees as the major challenges. As expressed by the entrepreneur of Case 7, "It is stressful not having cash when you want to pay employees and the social security and contractors and buy the materials and the fuel." Social entrepreneurs were also heavily constrained by the difficulty in recruiting and retaining skilled human resources. The lack of awareness about social entrepreneurship and cultural discrimination was equally described as a constraint, as, in all countries of the sample, people are not familiar with the concept of social entrepreneurship and they associate it with not-for-profit organizations. As the interviewee of Case 1 indicated, "People were skeptical about our idea of solar energy that is new to the market." Interviewees also noted the absence of support organizations that focus on social enterprises and the unavailability of suppliers and other stakeholders that are ready to cooperate with such ventures. Several interviewees also made reference to limited efforts by the government in incentivizing and supporting social entrepreneurship. The interviewee for Case 5 noted: "We need to understand the difference between social enterprises and business companies. There is a huge difference and it can be seen. The governmental sector, the nongovernmental

sector, and the media sector need to treat the social enterprises in a different manner than business companies, which are purely profit-oriented." The entrepreneur of Case 6 also built on this line of thought arguing that "If somebody makes a comment on the website and it is politically incorrect or anything that they do not like, they have the authority to close the website, which undermines freedom of speech and is quite repressive." The entrepreneur of Case 17 put the need for governmental support in these words: "All the national institutions treat you as a normal organization; this is not the right way, not encouraging. The people who do social business have no encouragement or support." In this respect, the interviewees pointed to inefficient government bureaucracy, such as being subject to for-profit corporations' taxations and regulations. In most cases, public bureaucracy and economic and political instability were frequently raised as serious obstacles faced.

6. Discussion of findings

The last few years have witnessed a growing interest in social entrepreneurship in the MENA region. The findings of the chapter highlighted both convergence and divergence in terms of what is happening vis-à-vis social entrepreneurship in the MENA region when compared to a developed country's perspectives. This is what Jamali and Neville [27] referred to as cross-convergence, combining elements of convergence and divergence. For example, one element of convergence is the prioritization of the social value or social mission and putting this at the core of the social enterprise model. However, as opposed to the American model that emphasizes sustainable revenue generation and self-sufficiency, social enterprises in the MENA region and Europe tend to manifest a social benefit focus. This implies that European and Arab social entrepreneurs have to secure alternative sources of funding to ensure financial viability and avoid compromising the social mission. Whereas social entrepreneurs in Europe often depend on a combination of innovative income-generating methods, such as revenues derived from public contracts, these sources of public funding seem very scarce across the Arab region, except in rich Gulf countries such as the UAE and Qatar. Accordingly, social enterprises in the Arab region depend on fundraising techniques that are similar to those adopted by not-for-profit organizations. The main sources of funding are entrepreneurs' own savings and philanthropic contributions such as grants and donations.

As shown by the EMES approach, the governance structure of social enterprises in Europe is characterized by a high degree of autonomy. This is also the case in the MENA region, where most social enterprises have a functional board of directors or trustees that are responsible for advancing the overall strategy and social purpose of the venture. This is possibly a point of convergence with social enterprises in the United States and Europe, which also rely on advisory boards to ensure that the social mission stays in focus and is achieved. In contrast, a point of divergence is possibly related to the poor impact monitoring and measurement systems across the social enterprise sector in the MENA region, which also jeopardizes the long-term viability of the sector. The participatory multistakeholder governance that we often observe in Europe is also a point of divergence, given that it seems less applicable both in the United States and in the MENA region. In fact, in the MENA region, social ventures often

emerge as projects championed by individual social entrepreneurs who play a crucial role in setting up and growing the enterprise and ensuring its sustainability over time. Despite the presence of advisory boards for social innovations in the MENA region, the individual entrepreneur is still the focal driving force of change. Such individual dynamics places a huge importance on charismatic leadership and leaders' profiles and characteristics in the orientation and development of social enterprise in both the United States and the MENA region.

Finally, unlike the European social enterprises that are generally supported by governments, the financial and strategic development of social ventures in the United States and in the MENA region tends to be supported by private organizations. In fact, governments in the MENA region have so far assumed no role in stimulating the creation and development of social enterprise. The supportive institutional environment in Europe includes other entrepreneurs, social incubators, and investors who are interested in social and environmental development. This is another point of divergence that risks undermining the long-term viability of the social enterprise sector in the MENA region. With respect to innovation, the American model seems to take a more innovative approach, especially that the growth of the enterprise depends on marketing its products and services. On the contrary, innovation is severely attuned in the MENA region, and this can be attributed to a number of factors, including the absence of a supportive ecosystem and the limited availability of funds. The fact that the region is lagging behind in terms of technological advancement also impedes social businesses in leveraging the latest technological innovations. Additionally, social enterprises in the MENA region seem to be providing a narrow range of products and services that often prioritize consumption over social mission considerations. This suggests the need for more innovation in product and service delivery and market expansion.

In closing, our findings in this book chapter certainly accentuate the context dependence of social entrepreneurship and the elements of convergence and divergence with global best practice. Social enterprises in the MENA region continue to rely primarily on individual goodwill and initiative of social entrepreneurs who serve as drivers and architects of positive change in a difficult environment. However, those social entrepreneurs continue to be constrained by the nonconductive ecosystem around them, including the limited availability of funds, the fledgling technological advancements, and the absence of visible support from other entrepreneurs, social incubators, and investors who are interested in social and environmental development. The lack of government support and the outdated legislation that continues to treat social enterprises as traditional for-profit corporations were also identified as important constraints. Finally, the findings make clear that the lack of awareness about social entrepreneurship in the MENA region is also proving to be a hindrance particularly in relation to the attraction and retention of talent in this sector. All of these elements in combination make the practice of social entrepreneurship in the MENA region distinctive, and certainly more protracted and difficult, when compared to the European and American models of best practice commonly popularized in the academic literature. The context dependence of social entrepreneurship thus implies that these peculiar constraints need to be identified and mitigated in context to ensure the long-term advancement and viability of the social enterprise sector.

7. Conclusion

This chapter has presented novel insights in relation to social entrepreneurship in the MENA region. Although social entrepreneurship has advanced in this region and the scope of the social interventions is extremely diversified ranging from education to poverty alleviation to tourism and agriculture, the social enterprise sector in this region is also facing some salient constraints, including the absence of strategic planning, the attuned innovation, and a host of constraints stemming from the predominance of a nonconductive ecosystem. In particular, the tight funding environment and the outdated legislation constitute important constraints that threaten the long-term viability of the social enterprise sector in the MENA region. These constraints need to be addressed to allow social entrepreneurial organizations in this region to find the dynamic balance between financial viability, sustainability, and innovation [28] and ensure long-term social value creation. An important contribution of this chapter is to accentuate the context dependence of social entrepreneurship, implying that constraints facing social entrepreneurs need to be identified and mitigated in context to ensure the long-term advancement and viability of the social enterprise sector. Moreover, we believe it is crucial for social entrepreneurs to adopt a business model that is best suited to tackle region-specific socioeconomic challenges and hence create context-specific sustained economic growth and prosperity. Although there is room to learn from best practice around the globe, there is also a need to tailor our own models and address the context-specific constraints and issues raised, as quick-fix solutions are not likely to stick or provide sustainable solutions that can ensure the viability of social enterprises operating in this region.

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Dynamic Capabilities for the Development of Romanian Social Enterprises (RSE): Support and Synergies with the New Legislation System

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Additional information is available at the end of the chapter

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Abstract

Romanian social enterprise sector had a typical development in the Eastern European countries, emerging from state's role to withdraw from solving social problems, caused by the fall of communism, in comparison to the case of Western European countries where social enterprises emerged from active effort of the state to promote social enterprises as a solution to its massive economic problems. We are trying to understand the way social enterprises developed and which is their current status in Eastern Europe in comparison with the Western Europe, to further explore the sector's evolvement in Romania. We have analyzed an important turning point for Romanian social enterprises, represented by the entrance into force of the Law on Social Economy. Largely, this chapter wishes to explore the potential social enterprises can have in the Romanian economic, political, and social environment newly regulated by the Social Economy Law. In order to achieve this, a series of case studies has been carried on with Romanian social enterprises. Attention has also been paid to the way theory of dynamic capabilities can be applied in the case of social enterprises and to policy recommendations, which would facilitate the transformation of potential to visible impact.

Keywords: Romanian social enterprise (RSE), enterprise dynamic potential, legislation system, social economy, dynamic capabilities

1. Introduction

The idea of social enterprises is characterized by conceptual ambiguity. One reason for this confusion is the large variety of points of view from which social enterprises are discussed, and the poor communication between factors forming these points of view. Included here are the civil society organizations, which are a major creator of social enterprises, but also the business sector which shyly transforms traditional for-profit enterprises into social enterprises. In addition to these, there are also policy creators and researchers who try to understand the importance of social enterprises into today's society and economy, and wish to develop the sector. More than that, even though different researchers have tackled the possible capabilities of social enterprises [1–5], an applied research has not been developed. Another reason is the lack of a coherent and effective legislation regarding the development and functioning of social enterprises, not only in Romania, but also at the international level.

Social enterprises have become, over the last years, the subject of multiple researches, most of these trying to conceptualize and describe the principles under which they should function. Two perspectives have emerged from this, one stating that social enterprises are a hybrid between nonprofit organizations and businesses [6,7] and the other sustaining the provision of state services by social enterprises [8,9].

Meanwhile, the role played by social enterprises in the development of public policies at the European level has increased, with the adoption of Europe 2020 strategy in June 2010 [10]. In Romania, the concept of social enterprise has been automatically imported with the accession within the European Union (EU) in 2007 and the allocation of European nonreimbursable funds for the development of social enterprises. However, a legislation for the field of social enterprises has been adopted in Romania only in August 2015, and its efficiency is still debated.

This increase of interest in the field of social enterprises may be explained by the potential these can have on different aspects. Because they are considered to be a hybrid between nonprofit organizations and for-profit enterprises and at the same time are positioned closely to the public administration, academics stated that social enterprises have the potential to:

- Transform the welfare system by connecting problems faced by the community with available adequate solutions [1], address services to vulnerable persons, which are not recognized by public policies, and innovate in the field of their provided services [2];
- Increase employment, through Work Integration Social Enterprises (WISE) [2];
- Help the social cohesion and creation of social capital, through their continuous connection and work with the groups of vulnerable persons [2];
- Become a local development tool, by mobilizing resources of small communities and sharing their clear perspective on the way these communities create and follow their development agendas [3];
- Bring dynamics to the third sector, by importing business methods in nonprofit activities [4] and using rules both of the market and state [2];

- Become an institutional link between organizations from nonprofit, business, and public sectors within the network governance [5].

More than that, these types of organizations are well adapted to the volatile market conditions and specific risk situations, offering an extra knowledge base for entrepreneurs interested in the creation of social enterprises, in the conditions of a restrictive legislation. As well, there are few studies which refer to social enterprises as hybrid organizations, which cumulate the business and social components, in order to highlight the survival methods in special conditions. This implies a special attention on the business component in emerging countries and in those with an insufficient friendly legislation.

2. Development and status of social enterprises in Western Europe

Even before the Second World War, third sector organizations (now seen also as social economy sector) were providing services to the communities in most Western European countries [11]. This can be considered the premise of social enterprises development, which happened in the late 1960s and 1970s. At that time, because of the economic downturn and budgetary constraints which caused increased unemployment [12], but also because the effectiveness and legitimacy of state welfare programs were called into question [13–15], the welfare state system which characterized Western Europe at that time was under high pressure. In order to deal with these emerging problems, the civil societies felt the need to develop programs and initiatives: solutions to housing problems for marginalized groups of people, child-care services adapted to the needs brought by a new socioeconomic environment, services for elders, urban regeneration initiatives [16], and also the currently known Work Integration Social Enterprises (WISE). These wanted to help poorly qualified persons, who did not have a job, to enter the labor market. We also have to bear in mind the fact that the labor market of that time was changing to its core while labor-changing technologies were appearing [17].

Later on, social enterprises have received strong governmental support to foster and accelerate growth. This happened not only through direct governmental support but also by creating a conducive institutional environment [12].

When talking about Western European countries (Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands, Switzerland, according to United Nations' composition of geographical regions [18]), we see that the history of labor integration organizations represents in major part the development of social economy [19]. That is why, in some Western European countries (Belgium, Austria, Switzerland), social enterprises are often confused with Work Integration Social Enterprises (WISE). Other countries, led by the strong presence and "tradition" of the "third sector," "social economy," or "solidarity economy" (see Germany and Luxembourg), are characterized by a confusion of social enterprises with organizations comprising these larger sectors. Anyhow, except France and the Netherlands, in all previously mentioned countries, there is no clear and broadly accepted definition of social enterprises. Neither the French nor the Dutch situations are simpler: in France exists a legal

form for social enterprises, the *Société Coopérative d'intérêt Collectif* (SCIC), which loses field to the form of an association which is more flexible and cheaper for the development of social enterprises, and in the Netherlands there is a debate on the preferred influence on the concept of social enterprise—the Anglo-Saxon tradition which is more focused on the entrepreneurship and engagement in the market aspects, and the societal organizations which are focused on the “public good.”

Even if in Western Europe the “third sector” benefits from clear regulation, there is no legislation for social enterprises. When talking about public support, WISEs benefit from different measures (compensations for lower productivity of employees, which are part of disadvantaged groups, etc.). However, the mutual support mechanisms function better, through coworking spaces, consulting, networking, training, and other types of assistance.

Regarding the financing of social enterprises, Western Europe is quite interesting because it promotes the same financial instruments as for traditional enterprises. Moreover, in Belgium, for example, the first social impact bond has been launched in 2014. In Switzerland, on the other hand, commercial banks are keen to invest in social enterprises.

However, even if there are different measures supporting social enterprises in Western Europe, it is very difficult at the moment to determine the dimension of the social enterprises sector. A reason for this is the lack of legislation, which would determine social enterprises to be included in a registry, on the one hand, and another reason would be the lack of a consistent definition on the other hand. As seen in **Table 1**, now there are only large approximations available regarding the dimension of the sector.

Country	Number of social enterprises
Austria	Between 200 and 700 WISEs
Belgium	2000 WISEs, and between 2210 and 3170 social enterprises
France	Between 6000 and 28,000 social enterprises
Germany	Approximately 100,000 social enterprises
Luxembourg	30 WISEs, and between 200 and 300 social enterprises
Netherlands	Between 4000 and 5000 enterprises
Switzerland	Around 1.000 WISEs

Table 1. Estimation of the number of social enterprises in Western Europe.

3. Development and status of social enterprises in Eastern Europe

When talking about Eastern European countries (Belarus, Bulgaria, Czech Republic, Hungary, Poland, Republic of Moldova, Romania, Russian Federation, Slovakia, Ukraine, according to the United Nations’ composition of geographical regions [18]), we have to bear in mind the centralized planned communist economy that characterized the regions for years. This meant that all the economic activity was coordinated by the state, and cooperatives lacked the

voluntary and democratic participation that should have been their main characteristic [20]. Another milestone in the development of today's East European economies was the transition from state's controlled intervention to 1990's organic dissolution. Since then, considerable funding programs aimed to support the accession to European Union have encouraged the development of old and new social economic organizations. And this way, they managed to represent and express the citizens' needs, get involved in service-providing, and exert pressure on change of governmental policies [21].

Regarding social enterprises, they have been supported mainly by national strategies, and less by civil society which was already weakened by the communist regime. Taking into consideration also the rising unemployment and inefficiency of social services brought by transition to market economy, social enterprises started to respond to these problems and reflect the reality from the region [20].

A set of reports published by the European Commission in 2014 on the landscape of social enterprises in European Union's countries [19] presents the way national communities understand social enterprises, and how governmental bodies and stakeholders deal with them and support them.

Using these reports and up-to-date information, we understand that, of EU's countries, East European ones have the least representativeness on the social enterprises' map. From our analyzed East European countries, only Slovakia, Bulgaria, and Romania have a legal definition for social enterprises, through the adoption of different laws or national plans. Of these, Slovakia uses the narrow perspective of WISE (Work Integration Social Enterprises) for defining social enterprises. However, in these countries the discussion on the concept of social enterprises is still ongoing from different perspectives (American model, EMES model, etc.). In Czech Republic, on the other hand, the Thematic Network of Social Economy has developed a definition for social enterprises that managed to be accepted by national institutions and private organizations, even if there is no legal framework for the regulation of social enterprises. In Poland, the concept of social enterprises is not even used, as it is being confused with the broader concept of "social economy," and in Hungary, mainly researchers and NESsT International Foundation try to develop understanding the field.

The public support available for social enterprises from these countries mainly consists of EU founding some forms of business support schemes (training, coaching, business advisory, etc.), offered by international foundations or networks and support from media and the sector itself. However, all these measures are not available in all countries, or lack consistency and coherence. One specific support type, specific for WISE, can be met in Romania and Slovakia, and consists of subsidies covering a part of salaries for persons hired under reintegration contracts in social enterprises.

A very important financial support from which social enterprises should benefit is the social investment market. However, in East European countries this mechanism type is rudimentary or even inexistent. A set of reasons behind this might be the low capacities of social enterprises, low understanding of financial instruments, and their attachment to grant financing on one

hand, and also the scarce interest from financial organizations to understand the specificity and diversity of social enterprise sector in order to assess the credit risk on the other hand.

A problem in the recognition of social enterprises' importance and potential in East European countries is the fact that there are no official estimates on the number of social enterprises. Each country has its numbers, mainly estimated by organizations from the sector itself, but until a national registry is created, these are not reliable.

When discussing Russia, Ukraine, and Republic of Moldova, the situation is not so different as we would believe—in Russia, the concept of social enterprises cannot be found in any legislative proposal, but social enterprises movement is expanding [22]; Ukraine has had a proposal for Law on Social Enterprises created in 2012, but this has not been adopted [23]; and in Republic of Moldova, the concept of social enterprises is understood by civil society which is also promoting the development of a law regulating them [24]. In all these countries, social entrepreneurship is localized between the public and private sectors, and it wishes to solve social problems, even if the confusion between social economy and social enterprises is present. Here, the access to financial support is even weaker, mainly because of the lack of European grants, the main supporter of social enterprises in East European Union's countries.

If we would consider the social enterprise sector dimension in Eastern Europe, we could see from **Table 2** that the situation is the same as in Western Europe, except for Slovakia, where the number of registered social enterprises is clear, thanks to the Act No. 5/2004 on Employment Services. This means that it is quite hard to determine the number of social enterprises, when there is a lack of commonly accepted definition and a proper legislation.

Country	Number of social enterprises
Bulgaria	Between 200 and 450 social enterprises
Czech Republic	Between 250 and 300 social enterprises
Hungary	Approximately 3000 social enterprises
Poland	Approximately 5200 social enterprises
Romania	Approximately 7000 social enterprises
Slovakia	96 legally established social enterprises, but approximately 900 organizations which respect the criteria of social enterprises

Table 2. Estimation of the number of social enterprises in Western Europe.

4. Development and status of social enterprises in Romania

The history of social enterprises (in a broader sense) in Romania is strong related to the development of social economy, taking into consideration that the concept of social enterprises has been developed in the last few decades. According to the Romanian Ministry of Labor,

Family, and Social Protection [25], the history of social economy dates from the nineteenth century. One of the first organizations representing the Romanian social economy—the agronomic and manufacturing company named “Falansterul de la Scăieni”—has been developed in 1835. After that, the Project for home storage and loans was created (1845), which marked the beginning of the cooperative sector. Only later, in 1887, the Code of Commerce regulated the functioning of cooperatives. Associations and foundations were regulated in 1921, and cooperatives for disabled were regulated in 1948.

For the instalment of the communist regime in 1948, between 1947 and 1949, all forms of civil society associative structures were abolished on the grounds that it would be contrary to the interests of communism. However, there were a number of organizations which were tolerated with the purpose to control the population through them: “cooperatives, factory organizations, nonparty associations of women, media organizations, educational and cultural organizations and youth unions” [26]. In 1974, these merged into the Socialist Unity Front.

After the Romanian Revolution of 1989, the Decree-Law 67/1990 on the organization and operation of consumer and credit cooperative entered into force. This was replaced by Law 109/1996 on the organization and operation of consumer and credit cooperatives. Legislative changes during this period have regulated the operation of NGOs, microfinance, and employment of people with disabilities.

Despite the fact that over time there have been various forms of social organizations, the concept of social economy was mentioned first in the Romanian legislation in the Government Decision 829/2002 on the adoption of the first National Plan against poverty and social inclusion, with amendments and additions. Later on, it has been taken into consideration within various policy documents and regulations.

Since then, social economy has been included both in national development strategies and priorities for the European fund grants. First, this happened by showing interest on social inclusion and cohesion, and later on by explicitly declaring the objective of developing social enterprises or the social economy. Within the 2007–2013 European Union’s Financial Framework in Romania, the Sectoral Operational Program for Human Resources Development was the single and first program to deal with the development of social economy. Here, the main field of intervention 6.1, “Social economy development,” managed to promote key concepts like social economy, and it encouraged the experimentation of new approaches in the civil society’s sector [27]. In the same period a proposal for the Law on Social Economy was made, which entered into force only in 2015, after a long series of negotiations between government, academics, and the already developed social economy sector.

The 2014–2020 European Union’s Financial Framework in Romania brought a considerably bigger interest on social enterprises, which was found in national strategies [28–31], Sectoral Operational Programs [32], and national support programs [33].

5. Romanian legislation system governing social enterprises

In Romania, the legislation system governing social enterprises consists now an adopted Law on Social Economy, which came into force in July 2015 [34]. Because of the way it finally appeared, it cannot regulate the sector by itself. It goes hand in hand with the laws and Government Ordinances which regulate cooperatives, associations, foundations, unions, enterprises, and so on.

An immediate confusion generated by this law comes from the title and first chapter, related to social economy, and rest of the content which regulates social enterprises. Article 1.1 states that the law regulates the field of social economy, establishes promotion and support measures for social economy; however, all these refer to social enterprises. So, we can see that concepts are still not clear enough, because of which social economy and social enterprises have been mingled in the same regulation. A single law written specifically for social economy or social enterprises would have been a better solution according to some authors [35]. The positive aspect is that Article 2 of the law defines social economy from a perspective accepted at the European level. From this social economy description within the law, Article 3 goes straight to social enterprises and enumerates the legal forms a social enterprise can have (cooperatives, associations, foundations, unions, and in the end any legal entity, which, according to their establishment documents, complies with the definition and all principles of social economy specified in the law).

Article 6 defines a social enterprise as any legal entity which acts in the field of social economy, has a social enterprise certificate, and respects the principles of social economy. Here are defined also new concepts such as “social insertion enterprise,” “social enterprise certificate,” and “social brand,” the first being the social enterprises which have part of their staff belonging to vulnerable groups and who fight against exclusion, discrimination, and unemployment; the second a form through which is recognized the contribution of social enterprises to the development of social economy; and the last one being another form of certification for social insertion enterprises.

The law also regulates a number of support measures for social economy activities on behalf of central and local public administration: granting the certificate of social enterprise, granting the social brand, development of support mechanisms for social insertion enterprises, promotion and support of human resources from the social economy field, participation in social economy activities, and establishment of information and counseling centers in the field of social economy. Even if the initiative is praiseworthy, until a body within the public administration will be dedicated to support social economy, all these initiatives will remain vague.

Further, we see how, from a social economy law, we go through a social enterprise law, and in the end to a social insertion enterprise law. This is because social insertion enterprises are dedicated the largest section of the law (Section 3). Allegedly, they have finance mechanisms (public and/or private sources)—Article 15, have a set of clearer support measures (granting of space and land, promotion, taxes and fees exempts, etc.)—Article 19, state aid mechanisms, national financial programs, and a month of the year dedicated to promotion of social economy—Article 22.

Some more tangible measures of the law, regarding social economy and social enterprises, for the near future, are the creation of dedicated compartments within the Ministry of Work, Family, Social Protection and Elders, National Agency for Employment, and a National Commission for social economy. Not least, an instrument which would show the dimension of the social enterprises sector will be a national registry of social enterprises.

An important aspect of the social economy which is missing from this law is the microcredit and the microfinance. Based on the communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions, No. 682 from 25.10.2011, "Social Business Initiative" [36], access to credit is very important for the start-up and development of social enterprises. In this context, it reminds about the importance of the development on national level of key action No. 2 of the regulatory pillars of the 2007 Communication on the microcredit initiative, which says:

"Key action No 2.

In addition to continuing to ease access to micro-credits through the Progress Microfinance Facility and developing this instrument by strengthening institutional capacities under the European Union Programme for Social Change and Social Innovation for 2014-2020/2023, to improve analysis, promotion and development of the legal and institutional environment for micro-credits."

Even though the law on social economy is ambiguous, lacks coherence and also the important aspects for the development of social enterprises, the sector declares itself happy with the entry into force after long and difficult negotiations. More than that, it represents a starting point to later improvements which will have to be made with the development of the sector.

6. Methodology

This research is based on an analysis of four case studies of established social enterprises from Romania. Their selection was made purposefully in order to represent a cross section of Romanian social enterprises types.

Taking into consideration that the field of study represents a novelty, and that the number of existing data is extremely low, the research methodology is adapted to these conditions and restrictions.

We chose four social enterprises created under the Sectoral Operational Programme for Human Resource Development. The reason for this is that being created under a controlled environment, and within an axis which had as priority the development of social enterprises, we considered these to be the closest entities to the EMES model of social enterprises.

More than that, the minds behind the development of these organizations have been active in solving social problems and even in the promotion and development of social enterprises in Romania.

The case studies have been based on documents review, history review, questionnaires, and discussions. The main topics followed in the research have been determination of the current stage of the organization (understanding its activity, its mission, the social value, economic value, and their financing instruments), the determination of the influence factors for potential of the social enterprise, and their perspective on the new Romanian social economy law.

7. Results and Discussion

Organizations that entered into our analysis are quite new, the oldest one being established in 2008 and the newest ones in 2015. In all cases though, the persons behind the organizations have been long active within the social sector, and also in the process of promoting social enterprises and regulating them. The legal forms under which these organizations exist and call themselves social enterprises are quite different: social, cooperative, association, and even department, with economic activities within the large foundation or organization. From this aspect, and also from observing the larger sector, we can see that there is no preferred legal form for social enterprises in Romania, at the moment. The activities carried on by these enterprises are as diverse as in any economic sector: from activities full with tradition in the region where they function, such as ceramics, wood carving, and weaving, to artistic activities such as glass fusion processing and services to the community such as cleaning, documents archiving, printing, and so on.

All four organizations have been established under different projects financed through Sectoral Operational Program for Human Resource Development (SOP HRD). This financial instrument is the main one existing at the time in Romania, which sustains the development of social enterprises. Driven mostly by the conditions imposed by SOP HRD, which had as an objective the integration into labor market of persons coming from vulnerable groups, the main objective of the analyzed social enterprises is to offer qualification and employment for different groups of vulnerable people. This brings Romanian social enterprises (RSE) closer to the Western concept of Work Integration Social Enterprise (WISE).

When considering the economic and social values of the organizations, we can observe that even the newest social enterprises have an important value for the community: employing a medium number of six persons and offering a net salary higher, with approximately 40% more than the minimum wage in Romania. The oldest social enterprise has employed 75 persons, of which 36 are youngsters with disabilities. The opportunities offered to these persons who normally would not have the chance to learn an occupation, to get employed, to receive a good salary, and further to be able to be integrated into the traditional labor market are considerable.

Considering that the potential of a social enterprise is the organization's capacity to achieve and overcome its objectives, offering exponential social and economic value to the community, we tried to understand the factors influencing this potential. The most important ones were considered to be access to finance and to markets, mistrust from the community, a low level of understanding of the social enterprises sector on behalf of the business sector and policy developers, lack of an empowering legislative system, and the failure in combining forces with

other social enterprises in order to achieve a higher goal. On a second level of importance were seen the know-how, social spirit, entrepreneurial spirit, and support structures such as networks, platforms, and so on. The fact that social economy and social enterprises are not clearly defined and understood at the national and international levels does not represent important factors from the perspective of managers of social enterprises, maybe also because the persons responsible with the growth of these social enterprises are coming from a long activity in the third sector where they have been used to bringing change and understanding of new social concepts and measures. Of course, first of all they need to have a good understanding of the terms, and this can be made through the alignment of policy creators, academics who create knowledge in the field, and practitioners interested in the conceptual aspects of social enterprises.

Another aspect we searched to understand was the support measures offered at the moment to social enterprises. We managed to see that these organizations do benefit at a moderate level from entrepreneurial education, infrastructure, business support programs, networks, investment planning systems, and so on, but all these through the projects financed by the Sectoral Operational Program for Human Resource Development. They do not beneficiate at all from dedicated financial instruments such as credits, social impact bonds, or guarantee schemes, the aspect which is of great importance in the economic sustainability of the social enterprises.

An important factor influencing the potential of RSE is the Social Economy Law which entered into force in 2015. From discussion with the representatives of the analyzed social enterprises, and also from the sector's whole perspective, the new law does not respond to the needs and expectations of social enterprises. However, the law is seen as a starting point for the coherent development of social enterprises, and so it is received with optimism. From the sector's perspective, there are different aspects which would improve the current law, by including more clear nonfinancial and nonfiscal measures similar to the best practices in the other EU Member States:

- tax incentives: exemptions or reductions of taxes and social contributions;
- regulation of the right to free use or with minimum rent levels for spaces;
- right to receive leases for public service without commercial character under the law;
- tax exemption for a certain time from the founding of the social enterprise;
- nonfinancial measures: regional incubators, consulting services for starting and developing social enterprises, and centres for technical assistance;
- direct support through funding for the establishment and development of social enterprises with resources from the state budget and local budgets;
- combined support, by applying nonfinancial and nonfiscal measures.

Also, the following measures would be of great help in the development of a strong social enterprises sector:

- Regulating the patronage of powers, so that companies can benefit from tax exemptions for consultancy offered pro bono to social enterprises and NGOs;
- Establishing a differentiated VAT of 9% for services of general interest;
- Introduction of some social criteria in public procurement contracts;
- Creating a social enterprise monitoring system and social impact assessment;
- Professionalization of social enterprises for increasing service quality and market competitiveness through transfer of know-how from companies;
- Extensive campaigns to promote social entrepreneurship as a solution to social and economic problems.

Not least, the development of a program of measures and actions to support the development of social enterprises at the national, regional, and local levels would be beneficial.

8. Dynamic capabilities in the case of Romanian Social Enterprises (DC-RSE)

A social enterprise is a hybrid organization which contains, besides the entrepreneurial component focused on business, the social component. Within specialized literature we can find few references regarding the competitive behavior or the entrepreneurial fitness of these new organizations [37–39]. There are not mentioned solutions or strategies for the survival of social enterprises in the adverse conditions of risk and volatility. In the case of Romania, as an emergent economy, the problem of the firms' survival by actively managing the resources, and integrating some reconfiguration/adaptive response to the movements of external environment, including evolutionary fitness, has even a greater importance. This analysis is useful also in terms of stimulating the creation of social enterprises in a rather restrictive regulatory environment.

Capabilities are continuous processes for the creation, expansion, upgrading, protection, and maintenance of assets' relevance in a dynamic and competitive context. Dynamic capabilities (DC) are personalized capabilities that involve a better understanding of the environment, excellence in orchestrating the company's capacity, flexibility, adaptability to changing opportunities, uniqueness, and protection, offering the exceeding of usual performances, especially in volatile environments [37,40].

Dynamic capabilities contain:

- Detection and understanding of opportunities (by differentiated access to the Kirzner-type of information and the Schumpeterian destruction) of the existent equilibrium;
- Evaluation/filtration of opportunities (decisions of investment in volatile environments need to take account of concepts like timing, leverage, cospecialized assets, irreversibility, and opportunity costs, with a more closer focus on the evaluation of intangible assets);

- Maintaining performance and competitiveness through adaptability and agile reconfigurations.

Scanning and finding opportunities are essential in emerging volatile environments and refer to the ability of detection and even creation of various opportunities. It takes individual capabilities, knowledge in the specific segment, and also ability to understand the mechanisms of accumulation/filtering/fusion of information.

Accessing opportunities entail an active management of technological competences and assets complementarity, taking into account the anticipated inflows or radical change in investment priorities. There has to be maintained a balance between excessive prudence (e.g., the decision bias against innovation), which increases the risk aversion and block of innovation, and excessive optimism, which reduces the speed of accessing opportunities. The concept of alignment/coalignment of resources has to be considered in the context of equilibrated/prudent management of portfolios, timing, leverage, cospecialized assets, irreversibility, and opportunity costs.

The enterprise's ability to create, adjust, modernize, or completely replace the business models in the context of redesigning the enterprise's borders is essential within the theory of dynamic capabilities. This is also the innovative element which defines the uniqueness of the enterprise's survival strategy. When discussing about capitalizing the complementarity, scale economies, investments in complementary assets, and co-specialization are taken into account.

Intangible activities are essential in learning processes and knowledge management (technological transfer, know-how, IPR, etc.). New business models have to assure the combination of assets and reconfigurations through decentralized architectures, along with the minimization of agency problems (e.g., integration of intern mechanisms for prevention of waste).

In conclusion, dynamic capabilities could be applied and integrated into social enterprises, especially in the case of emerging economies and/or volatile dynamics. In order to assure competitiveness, besides the creation of new products/processes, there have to be implemented new organizational solutions and new business models based on evolutionary and entrepreneurial fitness. Dynamic capabilities in the case of social enterprises imply leadership and entrepreneurship, because it starts from detection, understanding and evaluation of opportunities, finding and implementing synergic solutions of coordination, the dispersed and cospecialized elements/sub-elements, and agile reconfiguration of organizational architecture. The framework of dynamic capabilities in the case of social enterprises is well adapted to the study of issues raised by social enterprises' competitive advantage, because it offers solutions to accessing opportunities, understanding decisional problems in dynamics, and also strategies of agile reconfiguration of social enterprises' specific processes.

9. Conclusions

Social enterprises are a type of organizations that have managed to grow exponentially in a challenging social and economic environment, which knows crisis after crisis. Maybe, exactly

this need of a saving solution from poverty, social exclusion, environmental problems, and many others, has supported the development of social enterprises' sector. However, their potential has not been fully exploited yet. Because different regions on the globe tackle with different kinds of social and economic problems and have different history, the process of development of social enterprises is different. This is the case also for Western Europe and Eastern Europe. Social enterprise sector in Eastern Europe, in contrast with Western Europe, emerged not from the active effort of the state to promote social enterprises as a solution to its massive economic problems, but rather as a withdrawal of the state's role to solving social problems, caused by the fall of communism.

However, the background of a specific group of Eastern European social enterprises, the Romanian one, gets closer and closer to the Western concept where social enterprises are almost completely overlapping the Work Integration Social Enterprise (WISE) concept. This means that social enterprises are mostly organizations which deal with integration into labor market of unemployed persons, coming from vulnerable groups. An important reason for this overlapping is the new Law of Social Economy which entered into force in 2015.

The present study aims to see how social enterprises can reach their potential of solving social problems through economic activities, and if the theory of dynamic capabilities can be applied to them.

So, from a set of case studies, we have seen that Romanian social enterprises have an important impact on the communities they serve, by doing the thing that nobody is doing it: introducing into labor market groups of persons, who, most of the times, are not prepared to work, do not have the opportunity to get employed in traditional enterprises, and are not productive for the society. These social enterprises not only employ these types of persons, but also introduce them into traditional enterprises, transforming them into active workers. However, their potential of reaching more unemployed and solving more social problems is influenced by different factors: access to finance and to markets, mistrust from the community, a low level of understanding of the social enterprises sector on behalf of the business sector and the policy developers, lack of an empowering legislative system, and the failure in combining forces with other social enterprises in order to achieve a higher goal, know-how, social spirit, and entrepreneurial spirit and support structures such as networks, platforms, and so on.

A part of the problems faced by social enterprises could be solved with a more coherent and adapted law on social economy. So, we have collected a set of proposals for the legislative system of social enterprises, which would be of help for the sector, some of these being: creation of some nonfinancial and nonfiscal measures similar to the best practices in other EU Member States; a differentiated VAT for services and products offered by social enterprises; introduction of social criteria in public procurement contracts; creation of a social enterprise monitoring system and a social impact assessment tool; and, not least, the implementation of extensive promotion campaigns for social enterprises, in order to create understanding and empathy from the community and the business sector.

We have also seen that dynamic capabilities could contribute to the balance of resources in Romanian social enterprises (RSE) together with the special synergies that will boost the future

development of RSE. The framework of dynamic capabilities in the case of social enterprises is well adapted to the study of issues raised by social enterprises' competitive advantage, because it offers solutions to accessing opportunities, understanding decisional problems in dynamics, and also strategies of agile reconfiguration of social enterprises' specific processes.

The findings presented here provide a holistic understanding of how the potential of social enterprises can be increased in the Romanian economic, political, and social environment, newly regulated by the Law on Social Economy. These target an under-researched topic in the Romanian context, offer recommendations for a policy which would sustain the achievement of social enterprise's potential, and bring to light an area of research which is still in its infancy.

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Social Enterprise and Social Innovation: A Look Beyond Corporate Social Responsibility

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Additional information is available at the end of the chapter

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Abstract

After providing a preliminary conceptual framework for social entrepreneurship, social enterprise, and social innovation in light of the prevailing economic literature, this chapter aims to investigate the links and differences between corporate social responsibility (CSR) and corporate social innovation (CSI). In particular, it is examined how and why the paradigm of social innovation represents a business opportunity by overcoming CSR's traditional logic of "giving," thereby allowing social value creation to go hand in hand with economic value creation. The theme is discussed first at a general level for each type of enterprise and subsequently with particular reference to the global firm, with regard to which considerations are developed as to the most suitable approach to CSI in light of the worldwide spread of values and principles for conducting business, and of the global importance of social and environmental problems. In terms of method, the chapter is developed conceptually on the basis of the prevailing international literature and of secondary data.

Keywords: social entrepreneurship, social enterprise, social innovation, corporate social responsibility, corporate social innovation

1. Introduction

Over the last two decades, the concepts of social entrepreneurship, social enterprise, and social innovation have received growing importance from the political, social, and economic standpoint; the economic literature, too, has seen a considerable increase in studies and research on these issues. This growing attention is determined by the need to find solutions to face emerging social needs now taking center stage in the political, institutional, and academic debate. Today, all over the world, there is debate as to how an idea of development that is economical-

ly, institutionally, and politically sustainable can possibly be pursued. And, all over the world, innovation processes are being refined that are not observable from only the technological and market standpoint but from the social standpoint as well. The central themes of this search for new solutions with an eye to sustainability revolve around the concepts of social entrepreneurship, social enterprise, and social innovation. These three concepts regard different types of players—government, policy makers, public services, businesses, social enterprise, not-for-profit organizations, NGOs, etc.—that can therefore be studied from different vantage points, with different implications in the system of purposes of each of these different parties.

Over the last decade, although we have seen a multitude of definitions, conceptualizations, and methods of analysis of the phenomenon of social entrepreneurship and of social enterprise, as well as descriptions and a spread of exemplary cases of social innovation, these concepts still lack a uniform systematization, most likely because there are many perspectives of analysis from which these phenomena can be observed.

Arising from these introductory remarks is one of this chapter's initial objectives is to provide a conceptual framework of social entrepreneurship, social enterprise, and social innovation, highlighting their main constituent elements; this is in light of the chief contributions of the economic literature, and the most recurrent definitions that have been provided, with no attempt to provide new and additional definitions that would only worsen a framework that is already rather complex. Later, the perspective of enterprise for profit is to be discussed, with the aim of more deeply examining the position that social and environmental issues have in the logic of conducting business. Therefore, first, corporate social responsibility (CSR) will be analyzed within the setting of business strategy, stressing how it represents the response to the increasingly pressing demand from stakeholders who enterprise today adopt behavior that is both economically and socially legitimate.

Secondly, the linkage between CSR and the paradigm of social corporate innovation (CSI) will be discussed. In this regard, emphasis will be placed on how CSI makes it possible to create a close connection between social innovation and business, and thus in what terms it differs from the traditional CSR approach. Finally, considerations will be made with regard to the adoption of the CSI approach by a global enterprise, with the objective of analyzing the impact that global communication has on the choice between standardization and differentiation for an enterprise that operates globally. This aspect merits specific reflection, since one of the effects of globalization is the worldwide spread of principles and values for doing business that are compatible with sustainable development and help cope with the major social and environmental problems that the whole world is facing.

In light of these analysis objectives, the chapter is organized as follows: first, a conceptual framework of social entrepreneurship and social enterprise is provided in light of the prevailing economic literature (paragraph 2); secondly, the constituent elements of the paradigm of social innovation are analyzed in order to complete the conceptual framework in which, with a view to enterprise, the groundwork is laid for joining social value creation to economic value creation (paragraph 3); thirdly, an analysis is made of the incorporation of the social dimension into the sphere of the logic of doing business, through the adoption of CSR observed first in its traditional approach (paragraph 4) and subsequently from a social innovation perspective

(paragraph 5); finally, some reflections are advanced on what the proper approach to the CSI strategy must be for a global enterprise (paragraph 6).

2. Social entrepreneurship and social enterprise

It would be extremely difficult to make a comparative analysis of the great many definitions that the literature has provided for the phenomenon of social entrepreneurship, and therefore this analysis is not among the purposes of this work. Many scholars have labored in this area of research, and the literature includes numerous analyses on the meanings that the concepts of social entrepreneurship and of “social enterprise” have taken on in the various continents and in various nations [1–7]. Here, we shall merely provide a general framework for the phenomenon, by recognizing the constituent elements that have been underscored by numerous authors and perspectives.

First of all, social entrepreneurship has been defined in some cases objectively, which is to say with reference to the type of activity, and in others subjectively, that is with reference to the subject carrying it out. In the objective meaning, Zahra et al. [8] define social entrepreneurship by emphasizing the innovation that is the final aim of the process: “social entrepreneurship 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.” Likewise, Granados et al. [9] define social entrepreneurship as that activity carried out by individuals or groups of people aimed at creating, distributing, or spreading social or environmental value in an innovative fashion, through social enterprises, non-profits, and private or public institutions. Another central aspect in qualifying social entrepreneurship in the objective sense is the reinvestment of profits, where existing, in the core activity, as pointed out by Wallace [10], as a privileged form of self-sustainability.

In the subjective sense, the social entrepreneur has been defined as an individual who recognizes a social problem and uses traditional entrepreneurial principles to organize, create, and manage a venture to make social change [11, 12]. Similarly, Martin-Osner [13] and Jones et al. [14] define the social entrepreneur as that particular entrepreneur who has a social mission and who aims to meet social needs through the creative and innovative use of business principles. The social entrepreneur is therefore an individual who uses his or her skills in an innovative and entrepreneurial way to deal with and contribute towards resolving social and environmental issues, operating with a view to social value and wealth creation [15]. Social entrepreneurs are “idealistic, forward-looking people who are innovative, opportunity oriented, resourceful, and value-creating change agent” [16].

Among the conceptualizations of the notion of social entrepreneurship that have spread in the literature, the one proposed by Mort et al. [17] is considered useful here for the purposes of framing the phenomenon.

According to those authors, although the social mission is the central element for qualifying social entrepreneurship, it is not enough on its own to capture the complex nature of the

phenomenon. In particular, they provide a conceptualization of social entrepreneurship as a multidimensional construct, identifying four dimensions:

1. entrepreneurially virtuous;
2. judgment capacity;
3. social opportunity recognition;
4. tolerance for risk, proactiveness, and innovativeness.

The first dimension, *entrepreneurially virtuous*, differentiates social enterprise from traditional commercial enterprise because social entrepreneurs have the primary mission of creating social value and demonstrate that they possess a broad range of virtues that they put into practice in carrying out their activity. These virtues are integrity, compassion, empathy, and honesty, as well as certain specific virtues linked to the context of their social entrepreneurship, such as a solid faith in people's capacity to wish to contribute towards economic and social development; a passion for achieving one's goals; and a practical yet innovative position for solving a social problem.

The second dimension, *judgment capacity*, regards the ability to strike a balance between different and often opposing needs, such as for example those expressed by the stakeholders. This is the ability to face complexity by setting priorities and giving the right weights to the factors involved, while always maintaining the social mission as central and as the insuppressible final purpose of social enterprise.

The third dimension, *social opportunity recognition*, consists of the will and ability to identify every market opportunity that makes it possible to create social value for one's own customers, unlike the commercial entrepreneur who has the ability to identify the opportunities to create "commercial and economic value." According to Singh [18], this attribute characterizes the behavior of the social entrepreneur and sets him or her distinctly apart from the commercial entrepreneur.

The fourth dimension, *tolerance for risk, proactiveness, and innovativeness*, sets the social entrepreneur apart from the commercial entrepreneur for the setting in which these three aptitudes are applied, which in the case of the social entrepreneur are put into practice in the setting of social enterprise and in the case of the commercial entrepreneur are aimed at maximizing profit. With reference, then, to this fourth dimension, the difference between social and commercial entrepreneur regards the different lens for observing and assessing risk, proactivity, and innovativeness with regard to the respective final purposes of their activity.

If we are to adopt a very broad definition of social entrepreneurship as that activity that innovatively pursues a social objective, it follows that we can find it in various forms of organization: for-profit and non-profit organizations, social enterprise, enterprises that produce public services, NGOs, public agencies, and volunteer organizations. It is clear that in each of these types of organization, social entrepreneurship takes on a different dimension, a different weight, and a different positioning in the organizations' objectives. However, in each of them, and given impetus by different goals, we may find activities that are framed within the search for innovative satisfying solutions for social and environmental issues.

2.1. Social enterprise

When enterprise is combined with the performance of an economic activity directed towards the market and managed with business logic, we speak of social enterprise [19–21].

The term “social enterprise” appeared for the first time in Europe, and specifically in Italy, in the late 1980s, with the birth of many new cooperative initiatives to respond to unmet needs, especially in the area of integration into the workplace, as well as in the field of personal services, required by a changing sociodemographic context marked by an aging population and a changing family structure. Unlike the traditional forms of cooperation, whose activities are aimed at the members’ advantage, these new social initiatives address society at large and are linked to general interests. And for the involved stakeholders as well, while traditional cooperatives were usually single-stakeholder, the governance of the ascent social enterprise included various types of stakeholders, therefore taking on a multi-stakeholder perspective. After those years, Italy saw a considerable growth in the number of social enterprises providing a broad range of social services in the fields of workplace integration, the disabled, healthcare, education and research, environmental protection, culture, sports, and so on, to the benefit of disadvantaged people.

This enormous development of social enterprises has also saw a parallel spread of the principles of social responsibility in the world of for-profit enterprises, in terms that will be analyzed below, also through brief reference to the case of the Italian firm Olivetti, which may be considered one of the earliest and most important cases of CSR in Italy

Subsequently, the breadth and growing importance recognized by all stakeholders, including the government, led Parliament to provide a legal definition of social enterprises in 2006, terming them as “organizations that exercise, in a stable and principal fashion, an economic activity organized for the purpose of producing and exchanging goods or services of social utility, aimed at achieving purposes of general interest.” Therefore, the social enterprise is a party that acts in the social world, behaving as an enterprise and organizing resources and goods to respond to specific social needs on an ongoing basis; the trait that sets it apart from traditional commercial forms is that of not distributing profits and of reinvesting them in the enterprise’s activity.

In the second half of the 2000s, Western Europe saw the spread of what was to become one of the widely used definitions of social enterprise—that is, that provided by Defourny and Nyssens [22], based on which social enterprises are defined as “not-for-profit organizations providing goods and services directly related to their explicit aim to benefit the community. They rely on a collective dynamics involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity.”

Emerging from this definition are some important features of social enterprise: (i) the production and sale on the market of goods and services; (ii) involvement of various types of stakeholders in the decision-making processes of governance (“multi-stakeholder” approach), derived both from the pursuit of different kinds of objectives (economic, social, and political),

and from various resources employed; (iii) financial autonomy, by reinvesting any profits back into the activity; and (iv) the taking on of enterprise risk in the performance of their activity.

The UK Government (in particular, the Department of Trade and Industry) defines social enterprise as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners” [23]. This definition underscores the underlying financial motivation of sustainability of the social enterprise. In fact, social enterprise is marked by the fact that it is an enterprise that operates on the market, earning income through the sale of goods and services, and that belongs to the so-called “Third Sector,” which comprises all those organizations that pursue social aims.

Social enterprises are a vital source of new business approaches to environmental sustainability, fair trade, social inclusion, and job creation for those who are most alienated from the job market. Social enterprises are based on the recognition that it is highly unlikely that the market, on its own and left to its own rules, might be able to offer innovative solutions to face social problems. They operate in the market and are aimed at making profits (and not, however, at redistribution), thus demonstrating that it is possible to conduct business successfully while also taking social and environmental aspects into account. It is this substantial challenge that social enterprises place upon economic systems based on capitalism, proposing business models that can also lead a traditional, for-profit business to evolve towards forms of CSR that go far beyond philanthropy and the logic of the “given.” Bill Gates, the founder of Microsoft, in his commencement speech at Harvard in June 2007, stressed the need to promote a “more creative capitalism” to modify the market’s way of operating, through approaches that generate profits while meeting the needs of the poorest populations, and in general combat the world’s inequalities and injustices. To deal with these major problems, solutions based entirely on government grants, subsidy, or charitable donations are not enough; long-term solutions originating from the market must be found; in this perspective, social enterprises offer a way of doing business that is self-sustaining, selling products and services aimed at social needs, and thus demonstrating how businesses can operate successfully while also taking social and environmental needs into consideration. Social enterprises are thus a source of innovative approaches to business in the field of fair trade, social inclusion, land rehabilitation, healthcare, culture, and environmental protection [24].

It also bears stressing that social enterprises often play a role of supplementing public administrations’ supply of public services. Over the past 20 years, market rules have progressively taken hold in the supply of public services, and it often happens that in many areas of public services the state now funds and commission services but does not necessarily provide them, relying on for-profit and not-for-profit providers instead. Therefore, we are witnessing growing acceptance of the state encountering difficulties in covering the broad numbers and diversity of social needs, and therefore the area of needs that social enterprises are able to cover, and that the state cannot completely meet, is increasingly expanding.

Social enterprises are thus a particular form of organization, standing apart from conventional business due to their focus on social issues and from not-for-profit organizations due to their increased financial sustainability and innovative activity [25]. In the perspective of social

entrepreneurship, social enterprise may also be seen as a particular form of organization that is identified on a continuum of forms of organization, in which there is space for the pursuit, in differing degrees, of social purposes. According to Alter [20], social enterprise belongs to what the author defines as the “hybrid entrepreneurship spectrum” –the set of forms of organization that belong to a broad concept of social entrepreneurship, as shown in **Figure 1**.

SOCIAL ENTREPRENEURSHIP AREA					
A	B	C	D	E	F
Traditional Non-profit	Non-profit with Income-Generating Activities	Social Enterprise	Socially Responsible Business	Corporation Practicing Social Responsibility	Traditional For-Profit
	<ul style="list-style-type: none"> • Mission Motive • Stakeholder Accountability • Income reinvested in social programs or operational costs 		<ul style="list-style-type: none"> • Profit-making Motive • Shareholder Accountability • Profit redistributed to shareholders 		

Source: Alter [20]

Figure 1. Hybrid entrepreneurship spectrum. Source: Alter [20].

On this spectrum, various forms of organization may be distinguished based on three factors: motive, accountability, and the use of income. Social enterprise is in the middle of the spectrum, on which the right-hand side has the traditional for-profit forms of organization (F) and enterprises that practice strategies and actions of CSR (E), while the left-hand side has traditional non-profit enterprises (A) and non-profits that generate earned income (B). Enterprises that have profit-making as their primary motive require accountability to shareholders, to whom the earned profits are to be redistributed. Enterprises with the creation of social value as their primary motive require accountability to stakeholders, and the earned profits are ploughed back into social programs or into financing operational costs. Moving from left to right, organizations become increasingly reliant on market revenue generated from the sale of goods or services, whereas moving from right to left the pursuit of social purposes increasingly becomes the element characterizing the organizations’ underlying missions. Therefore, the spectrum proposed by Alter [20] represents the continuum of possible organizational configurations in which economic value, social value, or a mix of both is created.

The area of social entrepreneurship is thus to be considered as the set of organizational forms of types B, C, D, and E, in which the creation of social value is present, in differing degrees, in the pursued mission. Social enterprises may thus be considered either, in the strict sense, the type C forms, as a particular genus of the non-profit world, or in a broader sense to also include

type B forms, which is to say those non-profit enterprises that also perform activities aimed at earning income through market exchange.

3. Social innovation: actors, drivers, and processes

The development model founded upon blind faith in technical progress and globalization has shown clear limits in the supply of adequate responses to social needs and has made the problem of sustainable development the central issue the whole world is trying to grapple with today. Over the past decade, the issue of social innovation has thus been overwhelmingly affirmed in the political and economic debate, particularly in the Western world, and has also seen increasing attention from scholars, with a proliferation of both theoretical and empirical research; despite this, there is still no shared definition of the phenomenon of social innovation, and this concept is often used as a “sort of metaphor in the setting of social and technological changes” [26].

Albeit in the diversity of proposed meanings and perspectives of analysis, social innovation is a concept with a strong evocative force and revolves in all cases around social needs and strategies be able to deal with them. In particular, social innovation is linked to social needs perceived as necessary for individuals, such as health, education, employment, justice, and so on; it deals with problems that are on the rise in the world, and for which governments appear unable to provide adequate responses, such as for example climate change, global epidemics, chronic disease, and inequalities of various kinds that are continuing to grow; it places man at the center of the debate over the concept of sustainable development and requires technology and economics to come to terms with social needs, by orienting innovative processes towards results that have a strong social dimension; it urges individuals, groups, and political, social, and economic institutions to seek “new ideas that work in meeting social goals [27],” also through the integration and coordination of the resources each of us must put in play in creating a social innovation. It therefore comes as no surprise that Barack Obama has given much emphasis and importance to the issue of social innovation, as he has done since his first inauguration address, also through the establishment of an Office of Social Innovation and Civil Participation in 2009, giving rise to similar government initiatives in other countries in the world [28].

According to Mulgan [29], there are many spheres of society that now require innovative solutions to problems that have gradually increased over time: the aging population; the growing diversity of countries and cities; the growing incidence of chronic disease, such as arthritis, depression, and diabetes; the worsening of many behavioral problems connected with well-being, such as obesity, poor nutrition, inactivity, and addiction to alcohol, drugs, and gambling; the difficult transition from adolescence to adulthood; the failure of a criminal justice that appears less and less focused on rehabilitation and more and more repressive, with a strong increase in recidivism; the non-correspondence between GDP (Gross Domestic Product) and increased happiness; the clear challenges involving climate change and that affect the organizational models of cities, transport systems, and housing conditions, in order to

drastically reduce carbon emissions and repair the environmental damage that already appears partially irreversible.

All these problems require seeking new solutions that consist of new programs, new models, new ways of thinking, or a combination of all three, resulting from actions planned and coordinated by a vast range of subjects and organizations that embrace social, governmental, and business sectors. An innovative idea may spring from individuals, social movements, markets, and governments, and it is not a field of exploration limited to social enterprise, governments, or the voluntary sector. The generation of an innovative idea for facing social problems may derive from many sources—individual or group, public or private—but what is needed is that actions be structured to implement, develop, and spread ideas in such a way that they may be a generalizable and imitable response to solving certain social problems. In this regard, it has been observed that there is a great distance between existing structures and institutions and what we have on hand today to face the challenge of sustainable development [30]. “Social innovation” in fact aims to reduce this distance and become a paradigm inspiring government policies, behaviors of civil society, markets, and the economic world. As we see, traditionally for-profit enterprises are also called upon to collaborate towards sustainable development and to strike a balance in their own system of purposes, social values, and economic values.

Phills et al. [31] define social innovation as “a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions for which the value created accrues primarily to society as a whole rather than private individuals.” As regards the main players in social innovation, Mulgan [29], in defining it as “innovative activities and services that are motivated by the goal of meeting a social need,” adds that they “are predominantly diffused through organizations whose primary purposes are social.” Segrán [32] broadens the sources of social innovation, highlighting how it may originate from individuals, groups, organizations, or networks that combine a given social or environmental mission with innovation.

It often occurs that social innovation is in fact the result of the interaction of numerous subjects, necessary above all in the phase of developing and spreading the innovative idea underlying social innovation. With regard to this aspect, it has been effectively observed by Mulgan [29] that social innovation quite often arises from an alliance among parties the author calls “the bees and the trees.” In this analogy, the bees are the small organizations, individuals, or groups that have had the new idea (quick and able to cross-pollinate), and the trees are the large organizations (governments, enterprises, or major NGOs) that are poor in creativity but generally good at implementing and spreading innovation on a broad scale. Caulier-Grice et al. [33] also give great importance to the interaction between the various parties for the purpose of the creation of a social innovation. These authors in fact define social innovation as the realization of new ideas (products, services, and models) that respond to social needs while at the same time creating new relationships and collaborations. The central element they highlight is the targeted approach to creating and managing collaborations of broad scope between various parties, overcoming the traditional boundaries of economic and social

organizations: between private and public sector, between for-profit and not-for-profit enterprises, and between political/administrative institutions and civil society.

To conclude, social innovation means changing systems and initiating an institutional reconfiguration of relationships and not selling socially friendly products. It is therefore a process that does not necessarily lead to new elements, but often consists of combining already existing elements in a different way; it is a process that may require the ability to go beyond the boundaries of organization, sector, or discipline; it is a process that activates the involvement and coordination of parties, groups, and institutions that are usually isolated from one another; it is a process that creates a cumulative dynamic based on which each innovation opens the way to additional innovations and therefore facilitates both the spread and development of innovations.

4. The social dimension of businesses: the CSR approach

At first sight, businesses—economic activities whose primary purpose is making profit—are excluded from the concepts of social entrepreneurship and social enterprise. This is due to the substantial difference that exists between pursuing social aims as the organization's primary purpose and pursuing social purposes as an instrumental means for maximizing profit, which remains the organization's chief purpose. However, as we have seen on the previous pages, this does not mean that the social dimension of activities and behavior does not regard for-profit enterprises as well, and the logic through which business activities are managed. In fact, over the past 20 years, the issue of CSR has taken center stage in business strategy, especially after overcoming Friedman's outmoded view [34] that the only form of responsibility a firm has towards society is to turn a profit, since the task of dealing with social problems is a specific responsibility of other organizations, in particular of political and government institutions. Since that time, this old vision of CSR has been almost entirely abandoned, and the meaning of CSR has increasingly recovered a social dimension due to the changed expectations of society, of consumers, and of all other categories of stakeholders in the enterprise.

Firms must now increasingly demonstrate how they actually operate with regard to the various CSR dimensions [35, 36]. The meanings that CSR can assume are numerous and varied [37], and they concern all aspects of the firm's activity which produce effects of a social and environmental nature [38]: the working conditions of employees and employment policies; the quality of the products and services and the characteristics of the production processes; the publication of reports and all information delivered to third parties; relations with political, administrative, and social institutions of the community in which the firm operates; the choice of location of the production activities; the fiscal policies and the methods of use of the resources which investors entrust to the firm in the form of shares and bonds; the relations of products, services, and production technologies with the external natural environment.

The varying nature of stakeholders' expectations in the context of the firm's social responsibility creates a complex framework of *multidimensional social responsibility factors* linked to economic, environmental, and social issues. It follows that today's firm is increasingly called upon to provide legitimacy from a social as well as economic standpoint, as a cell in an

environmental system to which it belongs and, through its behavior, to which it contributes. For this reason, it may be affirmed that one of the main drivers of competitive advantage that emerges today is the firm's capacity to be perceived by consumers and stakeholders as a socially responsible firm [39, 40].

In fact, according to established developments of marketing management, the firm–market relationship is not limited to the relationship with consumers, whether real or potential, but includes all stakeholders with which the firm interacts ([41, 42]. As Tischler [43] argues, a successful brand strategy today includes “the need for companies to recognize a brand's stakeholders (beyond its customers).” In other words, the firm no longer communicates solely with the market and State, but with a civil society that is asking the firm to fulfill a functional role in enhancing the well-being of the society in which the firm operates [44].

The framing of the CSR phenomenon and of its meanings within the setting of for-profit enterprises is described in many definitions that have been proposed both in the literature and by governmental and non-governmental institutions. For example, the European Commission [45] defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”; the World Business Council for Sustainable Development [46] defines CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large”; Frederick et al. [47] define CSR as “a principle stating that corporations should be accountable for the effects of any of their actions on their community and environment”; Carroll [48] defines CSR as “the conduct of a business so that is economically profitable, law abiding, ethical, and socially supportive. Thus, CSR is composed of four parts: economic, legal, ethical, and voluntary or philanthropic”; Holme and Watts [49] define CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”

With regard to these and similar definitions, it is useful for our purposes to point out that CSR is a dimension of business management that can take on many different directions and breadth in the field of social needs, and above all have a more or less close connection with the firm's business. Applicatively speaking, in fact, the degree of CSR's integration with the firm's business may be highly differentiated depending on the centrality or marginality of the actions of CSR with respect to the firm's core business. There may therefore be situations different from one another: on one extreme, situations in which CSR is only a set of marginal activities carried out with a view towards philanthropy, and on the other extreme situations in which CSR is fully integrated into the firm's business strategy. As will be seen below, it is only in the latter case that CSR can become a driver of social innovation.

4.1. Olivetti and social responsibility: a case ahead of its time

As already discussed, one of the first appearances of CSR in a large enterprise in Europe involves the Italian company Olivetti in the 1930s. This is an exemplary case, as intensely practiced by the founder's son Adriano Olivetti, of how maximizing profit can be combined

with the pursuit of social goals. Throughout the period in which he led the family firm between the 1930s and 1960s, Adriano Olivetti wanted to give his typewriter and calculating machine manufacturing company the mission of creating both economic and social value. In fact, he conceived of the company as an organization that should pursue a multitude of purposes: generating wealth, creating jobs, allowing the local territory and community to share in the results of the success achieved in the markets, and redistributing profits. The conception he had of enterprise included an economic responsibility, a social responsibility, a charitable responsibility, and a responsibility to the community to which the enterprise belonged [50, 51]. He was thus ahead of his time, anticipating and putting into practice all those principles and values for conducting business that are now the domain of the paradigms of social entrepreneurship and social innovation.

The dual economic and social dimension that marked his company may be fully categorized as what we now call “stakeholder engagement,” because his broad vision of the purposes and social function of business began from considering the needs and expectations of a multitude of stakeholders: shareholders, employees, society at large, and the State.

Above all, Adriano Olivetti was able to create a genuine “welfare system” benefiting his employees, starting from the basic idea that the company was not just a place of work for the purpose of manufacturing goods, but was above all a social environment of coexistence. And in this regard, he believed that only by creating a welcoming and stimulating working environment would it be possible to make the company efficient and innovative, since the company’s success is the result not only of the application of rational productive and organizational methods but also above all of the employees’ well-being. This is why he showed maximum commitment to the workers and regarded various aspects of intervention: (i) assistance to maternity and childcare (day care, summer camps, salary almost unaltered during maternity); (ii) healthcare assistance, with an outpatient clinic performing, in addition to traditional services, intense prevention activities as well; (iii) social assistance, with individual and collective services aimed at overcoming every type of difficulty of adaptation to the job, both personally and professionally; (iv) professional education, carried out both at the Olivetti training center and in collaboration with other institutions present on the territory; (v) cultural services, with an intense activity of cultural events, seminars and debates, book presentations, art exhibitions, and film screenings; (vi) general services, including food service, transport, and housing support, with the granting of loans, technical and architectural consulting, and facilitated access to homes built by Olivetti.

Adriano Olivetti’s social commitment went beyond that to his employees and addressed the entire community, on the assumption that the firm belonged to the territory and to the community of reference. Therefore, highly important in the company’s mission was the contribution the company was able to make to local development—economically, socially, and culturally. In other words, Adriano Olivetti was also ahead of his time in applying the principles of social responsibility outside the factory, by addressing many social and welfare services not only to employees and their families but also to the entire population, in his conviction that a company’s competitiveness was positively correlated with the quality of the context in which it operates. He created centers of culture and social relations open to the entire

population, as well as an institution for urban and rural renewal, with the aim of developing programs to better the region's social and economic conditions, raising the standard of quality of life and the level of culture, and making a contribution towards full employment of labor. There were also numerous initiatives to promote and create handicraft, industrial, and farming activities in his region's territory.

Finally, Adriano Olivetti also tasked his company with spreading beauty, aesthetic values, and a harmony of forms [52]. Toward this end, he asked his era's finest architects and urban planners to build structures on a high architectural level, not only for industrial facilities and the company's headquarters in Italy and abroad but also for the schools, day care centers, workers' housing, camps for employees' children, libraries, and cultural centers he founded.

For all these reasons, Adriano Olivetti is considered an enlightened entrepreneur and ahead of his time [51], having distinguished his company for its strong commitment in the social sphere, based on the values and principles of doing business that were to find their categorization in the paradigms of CSR and of corporate social innovation (CSI).

5. Social innovation beyond CSR: the CSI approach

The starting point for comprehending the linkage between CSR and the theme of social innovation is underscoring that the expectations of CSR have not only spread to an increasing number of social and environmental issues—and therefore are not only to be found in an increasing number of stakeholders—but are also “growing” [38, 53–56], in the sense that they are increasingly linked to the demand that firms should assume a “proactive” approach towards environmental and social issues, and not limit themselves to a defensive approach or to merely abiding by existing rules and regulations.

In particular, it is no longer considered enough for the firm to maintain behavior that does not damage society and the environment (treat employees equally, pay taxes, do not damage the environment; use raw materials responsibly, etc.), but it is increasingly demanded that they act proactively to make a contribution towards improving the conditions of life and of social well-being. The new expectations in CSR thus regard actions aimed at improving environmental conditions, at reducing poverty, at solving social problems, at economic stability, at reducing human rights abuses, and so on.

Based on these assumptions, there has been talk for some time now of CSI to understand how traditional CSR has evolved towards a more incisive role than in the past in contributing towards improving the economic, social, organizational, political, and cultural conditions of the external environment in which it operates [57–60]. The concept of CSI means precisely the application of the social innovation paradigm in the business sphere and stimulating and helping firms in rethinking their innovation processes, whether in new products, processes, business approaches, or managerial cultures, towards solutions that have positive social impacts.

From this standpoint, CSI may be seen as an evolution of the traditional CSR concept, in the sense that it now directs the firm's social behavior and strategies towards approaches of proactive resolution for environmental and social problems.

The idea underlying CSI is that the philosophy of CSR may increase the firm's innovative capacity and its performance, at the moment when it goes in the direction of jointly creating social value and economic value. Even without using the term CSI, but with reference to a vision of CSR that finds its recognition in CSI, Porter and Kramer [44] state that "CSR can be much more than a cost, a constraint or a charitable deed—it can be a source of opportunity, innovation, and competitive advantage"; and add that "the success of the company and the success of the community become mutually reinforcing. Typically, the more closely tied a social issue is to the company's business, the greater the opportunity to leverage the firm's resources and capabilities, and benefit society." Moreover, the European Commission [45] identifies three central points in the concept of CSI:

1. Innovation may result from the engagement with other stakeholders.
2. Business opportunities may arise from addressing societal challenges.
3. A stakeholder-oriented organizational behavior creates better workplaces, which can be more conducive to innovation.

The central aspect of the CSI paradigm and its consideration as evolution of CSR lies in the fact that CSI ratifies overcoming the CSR approach of philanthropy or a "logic of giving" [27, 61, 62]. Moreover, while CSR is a concept in which firms are talking responsibility for their impact on society, CSI extends this one-sided action to include both-side actions, since it can be understood as co-creation of value for business and society together with the emergence of new opportunities for cross-fertilization between commercial and social efforts [63, 64].

While in the traditional CSR approach, society benefits from the actions carried out by firms in CSI collaborative actions are carried out by both sides to the benefit of firms and society alike. While in CSR, the beneficiaries of a given action are not tasked with carrying out anything or with carrying out something that may be self-help; in CSI, the beneficiaries are called upon to take on a role of partnership and to participate in some way in achieving social innovation; in CSR, they therefore are not passive parties receiving an action inspired by charitable and philanthropic principles, but become players in the process of social innovation. Therefore, in the CSI paradigm, there is a collaborative and synergic effort between the firm and society for the creation of "shared value" [65].

The difference between CSR and CSI also regards the type of benefits that are produced for firms. While in the CSR approach, benefits are mainly indirect and in particular linked to improving corporate image and reputation; in CSI, benefits are of a direct nature, in that the firm exploits opportunities connected to social needs in order to develop the business through economic returns. Moreover, based on the relationship of collaboration and partnership, the firm is capable of learning the stakeholders' needs and expectations in a far more in-depth way and also benefits from the possibility of relying on the creativity, knowledge, and innovative capacity possessed by the stakeholders. CSI thus becomes the terrain for activating a multitude

of innovation drivers, such as lead user approach, open innovation approach, open creativity approach, society-driven innovation, stakeholder-driven innovation, and customer-driven innovation.

Overcoming the philanthropic approach and the logic of “giving” typical of traditional CSR, CSI sanctions transition from the problem of “how to use the money that is made” – also as a form of compensation to society and the environment – to the problem of “how to make more money.” From this standpoint, CSI is the ground for innovation that makes it possible to attain a socio-competitive synthesis [66], in which social value and economic value are created at the same time. Firms are thus in a condition of being able to increase their innovative capacity and augment their business by exploiting new markets and new needs to achieve economic success. Therefore, social questions do not remain at the margins of their business and are no longer generators of costs for the firm, but become central elements of the business and generators of profit opportunities; they are no longer separate from and a worsening of the objective of maximizing profits, but become an integral part of the objective of maximizing profits.

The joint creation of social value and economic value becomes the new key for legitimizing the business and allows the firm to become a cell in an environmental system to which it belongs and, through its behavior, to which it contributes. CSI, therefore, overcomes the traditional trade-off between social value and economic value and lays the groundwork for new forms of capitalism. It is from this standpoint that by overcoming the traditional CSR approach centered upon the logic of “giving” and of “limiting damage to society,” the for-profit enterprise can become an agent of social innovation, within the sphere of a new conception of how it belongs to society. Notwithstanding the fact that its nature as for-profit enterprise must certainly not vanish or weaken, the firm contends with making various objectives reconcilable, thus making social innovation a profit driver.

One final consideration regards the relationship created in this new scenario between traditional CSR and CSI. As shown by Mulej [67], it is preferable to consider CSI not as a mere overcoming of traditional CSR, but as an approach that is integrated into the firm’s strategy and into its ways of interacting with the economic and social setting that accompanies it. From time to time, it will therefore be necessary to assess which of the two approaches is most suited to the environment of reference based on the set of social, economic, political, and cultural characteristics that are reflected in its stakeholders’ needs and expectations.

6. The impact of global communication on the CSI strategy

This paragraph deals with the impact of the global communication that characterizes the economic scenario of global enterprises on the standardized versus differentiated CSI approach. The premise of our reasoning is that today information spreads throughout the world at astonishing speeds. The speed at which news currently travels means that what a firm does in one geographical context can reverberate throughout the world in a very short time, so the media now play an amplified role in constructing corporate image and reputation [68]. In the age of Internet and global communication, new media and associated technologies allow

anyone to discover what is happening elsewhere, with the result that all firm behaviors and local actions become elements to be judged and evaluated worldwide [42]. It follows that for a global firm, CSI strategy must succeed in obtaining worldwide consensus on the part of all its stakeholders, regardless of their specific country. From this, the recognition that the firm obtains in all operational contexts translates into strengthening corporate image and reputation, thus raising its competitive potential and thus obtaining exactly what the paradigm of social innovation proposes.

Based on these premises, it becomes highly important for global enterprises to rethink the standardized or differentiated approach in the various countries with which they are posed with regard to major social and environmental problems. In particular, while on the one hand, the differentiated approach to CSI has the advantage of placing the firm in a condition of being able to respond accurately to the needs and expectations of the "local" stakeholders, and on the other hand, the standardized approach has the benefit of achieving economies of scale and helping consolidate practices and experiences that may in this way gradually improve.

Although there is no doubt that different countries have different cultural, economic, political, and social conditions, an effect of globalization is certainly the spread and cross-pollination of values and principles for doing business. This means that while in applicative terms the practices and actions of CSI may differ from a strictly operative standpoint, it is on the level of underlying principles and approaches that we think uniformity must be achieved in the global setting [69]. Therefore, from the standpoint of competitive edge, given the considerations made above with regard to the link between corporate reputation and global communication, we believe that the standardized approach to CSI strategy is preferable for the following three reasons.

First, adopting a standardized approach to CSI strategy can accelerate the worldwide spread of business practices with positive impacts on global social and environmental conditions. Compared to differentiation, the standardized approach can more easily engage processes of replicating innovative behavioral and operational solutions in the different nations. For the firm, this will translate into reinforcement of corporate reputation and the consolidation of positive judgments from increasing numbers of stakeholders worldwide [69]. The standardized approach also facilitates the development of a common language, the dissemination of knowledge and experiences, and opportunities for processes of continuous improvement.

Second, social innovation is founded upon universal principles and values, which governments, NGOs, non-profits, and other public and private actors increasingly share as common aims [70]. Such universal values and aims are the basis for identifying valid social innovation solutions that can be replicated in different territorial contexts. The new communication systems create interconnections among actors and stakeholders around the world, which render this process of spread and convergence much more rapid and pervasive. Given the context of shared basic values, complemented by global communications, standardization in firm CSI strategy both reduces the risk of conflicting judgments arising in the different countries and reinforces corporate image and reputation at the global level, with evident benefits for the firm in terms of competitive potential.

Third, the standardized approach can facilitate transnational investment on specific themes and create favorable conditions for the sharing of activities, for synergies, for economies of scale and scope, and for transfers of resources and skills. The possibilities of replicating similar investments in different countries or of exploiting single investments transnationally also facilitate the aggregation of firms and other actors in raising the necessary financial resources.

7. Conclusions

This chapter stressed how the search for innovative solutions to deal with the numerous and growing problems of a social and environmental nature is now the greatest challenge for capitalist systems the world over. Involved in this challenge are governments, national and international cooperation institutions, NGOs, organizations in the non-profit sector, and also enterprises traditionally aimed at maximizing profit; it is a matter of seeking new development models and new ways of thinking, which can make objectives of differing natures compatible and create conditions suitable for long-term sustainable development. Social entrepreneurship, social enterprise, and social innovation are three key concepts that have taken on growing importance over the past 20 years and have taken a place in the political and economic debate. This chapter first outlined the meaning of each of these after investigating the chief vantage points and having provided a conceptual framework of reference through analysis of the prevailing economic literature; it then took on the perspective of the for-profit enterprise, which is one of the component of the “social entrepreneurship area” and a potential player in the coming years of social innovation. In fact, in present-day economic systems, the company is increasingly called upon to legitimize itself not only economically but also more and more from the social standpoint as well, by demonstrating it can create value for all categories of stakeholder, both inside and outside the company. In this regard, it has been highlighted how stakeholders’ expectations are no longer solely to eliminate every form of damage to society and the environment connected with economic activity or merely to redistribute a portion of the created wealth as a matter of charity and philanthropy. Instead, they involve taking on a proactive role to problem solving. Therefore, companies are increasingly called upon to contribute, both on their own and in cooperation with other parties, towards reducing poverty, solving social problems, economic stability, reducing human rights abuses, and so on.

The chapter then stressed how CSR has evolved towards the paradigm of CSI (overcoming the traditional logic of “giving” and of “philanthropy”) and in the direction of taking on a proactive responsibility for the contribution that may be made towards solving social and environmental problems. This challenge for companies, in concrete terms and without prejudice to the aim of maximizing profits, translates into the search for goods and services, methods, and management processes capable of creating both economic value and social value. Therefore, in the paradigm of CSI, social questions do not remain at the margins of the business, but become central elements of the business and generators of business opportunities.

Finally, the chapter provided some conceptual reflections as to the impact that global communication has on the CSI strategy for a global enterprise. In particular, it provided the reason

why global communication is thought to push global enterprises towards standardized principles and behavior, in pursuit of a worldwide consensus on the part of all stakeholders, regardless of their specific country.

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Social Enterprise Opportunities

Social Entrepreneurship in Mexico

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Additional information is available at the end of the chapter

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Abstract

The main objective of this chapter is to show how social entrepreneurship favors endogenous development of indigenous communities to improve their quality of life, while contributing to the preservation of their cultural heritage and also promoting environmental protection and sustainable development. In this context and based on the approaches of the Theory of Entrepreneurship, it discusses what is meant by social entrepreneurship and the impact of social capital in the creation of such enterprises.

To this end, and using case methodology, three Indigenous social enterprises located in Mexico are examined in depth, indicating how their distinct way of understanding the individual's role in society or their concept of property determines a social capital embedded in their DNA as an indigenous people. In this sense, their collectivist culture shapes a type of enterprise that goes beyond the social, to one that may be called communal.

Keywords: social entrepreneurship, endogenous development, indigenous peoples, sustainable tourism, social enterprise

1. Introduction

The main objective of this chapter is to show, through social entrepreneurship, a way to mitigate the negative effects of the complex historical problems of emigration and marginalization experienced by indigenous populations [1]. This type of enterprise allows for endogenous development of indigenous communities so that their quality of life can be improved and their cultural heritage preserved, while also contributing to environmental conservation and sustainable development [2].

Among the research developed centered around the topic of entrepreneurship, one can find study approaches focused on the personal characteristics of entrepreneur, others who study

the process of company creation itself, as well as more complex approaches to studying social, cultural, and economic factors. Therefore, it can be concluded that entrepreneurship is a broad and complex process that includes very diverse factors, such as economic, social, public policy, situational, and cultural factors [3].

However, the conclusions drawn by researches that consider psychological variables, personality traits, and demographic factors as the factors that characterize the entrepreneurial activity are not entirely reliable because of their ambiguity. For this reason, De Carolis and Saporito [4] propose the inclusion of social capital as an emerging research theme in the field of creating companies.

Furthermore, the ecological approach of the population studies the entrepreneur's relations within context, focusing on the relationships created to obtain information, resources, and social support. In this sense, Grossman et al. [5] argue that in uncertain contexts with a high risk potential, the ability to use faithful social relation is considered a most valuable asset, specifically to reduce the inherent risk in the act of undertaking new ventures.

The context chosen for the study of this phenomenon is Mexico, due to the high ethnic diversity and the high percentage that represents the indigenous population (11%), according to the CEPAL [6]. Furthermore, in ref. [7], indicators of living standards of indigenous peoples are clearly inferior to the rest of the population, which highlights the marginalization and poverty of these people. So, entrepreneurship is seen as a way of integration of indigenous groups into the economic activity, increasing their quality of life without compromising their lifestyle and identity [8]. However, despite being a relevant phenomenon, it has not yet been sufficiently analyzed [9], hence the contribution of this work to literature.

This chapter continues with a brief exposition of the main approaches used in the study of entrepreneurship, a review of the main contributions of social entrepreneurship, and the role of social capital. It is followed by an analysis of indigenous entrepreneurship in Mexico, through an in-depth study of three cases. The results and conclusions close the chapter.

2. Main approaches to the study of entrepreneurship

The creation of companies can be considered a complex and comprehensive process that includes a wide range of public, social, economic, political, cultural, natural, and situational factors [3].

Therefore, within the literature on entrepreneurship, there are different works [10, 11] that are classified into three different approaches. These depend on the importance that the researcher gives to entrepreneurship: the business focus, the organizational approach, and the approach that combines social, cultural, and economic factors, also called ecology population.

2.1. Approaches focused on the characteristics of the entrepreneur

The importance attributed to the entrepreneur as the central agent in entrepreneurship is the literature trend, which examines the formative characteristics of the entrepreneur and their

influence on the decision to create a company [12]. Therefore, it is believed that the entrepreneur has psychological and demographical characteristics that differentiate him/her from the rest of the population [13]. This trend is divided into two influencing factors: one based on the behavior and personality of the founder and the other based on demographics [14].

Among the main contributions within the psychological approach to entrepreneur can be found the work of McClelland [15], which is based on personality traits of the founder that are the basis for being an entrepreneur, such as the need for achievement, locus of control, or risk appetite, among others.

Moreover, the most relevant demographic variables that influence entrepreneurial behavior are, according to the literature, age, sex, education, prior entrepreneurial experience, academic background, and entrepreneurs in the family [16, 17].

2.2. Approaches focused on the process of starting a business

The literature review approach, which was performed based on the characteristics of the entrepreneur [18], focuses its analysis on the set activities that must be carried out to successfully manage the creation of the company, concluding that success depends on the ability to identify the business opportunity [19]. On the other hand, the main criticism of this approach is based on the fact that each study identifies different phases between the baseline and the final stage in the creation of a company.

In this approach, the study focuses on the activities carried out for the commissioning of a company [12]. Gartner [20] is a pioneer in the study approach that focused on the process of entrepreneurship. According to Gartner [21], entrepreneurship is an activity and not an occupation. Within this activity, the entrepreneur has the ability to identify business opportunities, accumulate resources, produce, build organizations, and respond to the government and society, among other tasks. This approach sees entrepreneurship as a process containing two dimensions, traits of entrepreneurs and the process [22].

2.3. The population-ecology model

To Welter [23], the context helps to better understand the phenomenon of entrepreneurship and argues that “the context is important to understand the when, how, and why that involves the entrepreneurial spirit”.

This approach is based on the population perspective and on the study of relations between the company and its environment [11, 24], emphasizing social relationships or the employer contacts for business success [25, 26]. Therefore, it is argued that environment is a key factor influencing the process of creating a business. At the same time, it is based on the axiom that the entrepreneurial spirit is influenced by society, which cultivates contacts that can be a supportive resource. Therefore, according to Johannisson [27], the network is vital for the entrepreneur, because within it is the characteristic of trust that encourages entrepreneurs to launch and grow their business. Here, Grossman et al. [5] argue that in uncertain situations and those with high risk potential, reliable social networks are a highly valuable asset in

reducing the inherent risk involved in business activity. Shapero and Sokol [28] found that the intentions to create a business are influenced, among others, by the cultural environment.

Finally, the economic condition of the region where the company is located is believed to be of influence. Economic stability will always be a predominant factor in the decision to create a company or not [29]. Entrepreneurship is similarly influenced by market structure [30] or unemployment levels [3], among other economic factors.

3. Social entrepreneurship and the role of social capital

3.1. Social entrepreneurship

Social entrepreneurship is a fertile field in which many researchers are working in the construction of a theory, which is not yet complete [31]. Therefore, social entrepreneurship is “an innovative activity, the creation of social value, which occurs within and across nonprofit, business, and government sectors” [32].

According to Mair and Martí [31], the definitions of social entrepreneurship are grouped into three clusters (1) nonprofit entrepreneurs in search of finance or management, with schemes to create social value; (2) entrepreneurship understood as social responsibility; and (3) social entrepreneurship as a palliative to social problems.

Social enterprises are created from a set of objectives that include personal objectives [33]. Based on the foregoing and in accordance with Peredo and McLean [34], social entrepreneurship depends on the different objectives of the company, but always include a clear mission: “Social entrepreneurship is about the search for new and better ways to create and sustain social value” [34], that is, creating value and the coverage of necessities [31]. “This allows us to understand that social entrepreneurship is not isolated from entrepreneurship [economic], but coexist” [35].

So if the goal is to create social value, entrepreneurship does not end obtainment of economic benefits from the business activity, even so the creation of economic value is also given, not only as an objective, but as a result of the mission of social entrepreneurship [36].

Speaking in particular of the case of indigenous social entrepreneurship is the search for viable alternatives that do not conflict with their lifestyle. “Indigenous peoples around the world are trying to revive and strengthen aspects of their indigenous identities that are lost or have been eroded by colonization and they are using these project as a means to earn a living and as a way to give back to the indigenous communities” [37].

While it is indeed true that the indigenous peoples have done everything possible to keep their traditions and life by fighting for their rights, aimed at achieving their own development objectives under their social, economic, and cultural patterns that characterize them as indigenous peoples [38], there are indigenous communities, where entrepreneurship and enterprise “are widely accepted as the key to building a more vibrant economy,” as illustrated by Peredo et al. [38] who cite and extend the works of Anderson and Giberson [39] in Peru.

Therefore, indigenous people should have independence to create or recreate themselves if they wish to continue resisting western economic trends and have a more vibrant and restored model from both a political and a cultural standpoint [40], that is, to foster their own development of self-determination.

About this, it is important to recognize that research in indigenous social entrepreneurship is an emerging theme in the literature of entrepreneurship. As mentioned by Dana [41], it has taken many years to develop at least an approach, not a theory, to indigenous social entrepreneurship, which was a novel topic in 2001 when it was still pending recognition as a concept of indigenous entrepreneurship in business literature [42]. Moreover, while indigenous entrepreneurship is an emerging field of research in business, although not presently appropriate to drawing conclusions thereon, there has been a major breakthrough while discovering the Universal Declaration of Mother Earth Rights (In Spanish: *Declaración Universal de los Derechos de la Madre Tierra*) [43], which seeks to preserve the planet Earth based on the following six principles: harmony, collective good, guarantee of the regeneration of Mother Earth, respect for and defense of the rights of Mother Earth, no commercialism, and multiculturalism, all based on indigenous people in Bolivia as an example of culture, values, and worldview having a positive impact on human beings and the planet as a whole.

In this regard, one of the main contributions which has identified indigenous entrepreneurship is Peredo et al. [38], where they are characterized by their attachment to the heritage and culture of their ethnicity, their lands, and actively participate in the entrepreneurship and development. Moreover, social capital and social networks are important to understanding indigenous entrepreneurship. Contrary to the principles of the Entrepreneurship Theory, the incidence of the historical context, sources of capital, and the social network are key and the conceptualization of these can be very different from what is commonly known [38]. In the case of indigenous issues, it is important to stress the importance of what it is to be considered part of their people and their territory, and that "creation" is an element of identity, which is why the indigenous entrepreneurship is often associated with notions of economic development based on the community and "any indigenous community comprises the following elements: 1. A plot of land, delimited and defined for possession; 2. A common story flowing from mouth to mouth and from one generation to another; 3. A language variant of the people, from which we identify our common language; 4. An organization defining the political, cultural, social, civil, economic and religious aspects; and, 5. A community system of law enforcement and administration of Justice" [44]. In this case, the community is explained through the concept of commonality and is composed of elements that "ensure their understanding, which are as follows: 1. The Earth, viewed both as a mother and as a territory; 2. The consensus decision-making in Assemblies; 3. Free service, as exercising authority; 4. Collective work, such as the act of recreation; and, 5. Rites and ceremonies, as an expression of communal gift" [45]. Whenever there is reverse work at any time in communal life, as explained [46] while announcing that the work is given by decision in a community assembly; "Work in civil-religious hierarchy through coordination, work such as reciprocity through the collective construction work benefiting the community and work through the fiesta system".

Therefore, one can say, in the case of indigenous communities, this type of undertaking is different from other forms of entrepreneurship [47] in terms of the context of the enterprise [37]. To explain the foregoing, Dana [41] states that “There is rich heterogeneity among indigenous peoples, and some of their cultural values are often incompatible with the basic assumptions of mainstream theories of entrepreneurship,” which has been created in a western culture with an economic model of capitalism and neoliberalism. In this case, indigenous peoples have a propensity for social entrepreneurship as these values lead them to think together as a unit [48]. Furthermore, Hernandez [49] points out that there is a big difference between the neoliberal economic models and indigenous values, since the former are geared toward “economic growth and export orientation, contrary to the cultural worldview of Indigenous peoples.” In closing, the indigenous entrepreneurship tends to have explanatory noneconomic variables such as egalitarianism, trade, and communal activities, in contrast to capitalism and neoliberal economic model [41].

For example, Peredo [50] speaks of the Andean indigenous peoples who manage local development through community work, preservation of heritage, and common welfare balancing individual and collective sustainable benefits [38]. So also, we have found that there are differences in the Western venture [51]. Therefore, the indigenous social entrepreneurship is an emerging issue that may be able to deliver a new paradigm in entrepreneurship [41–43].

Anderson and Giberson [52] consider it a challenge to build in the field of entrepreneurship literature, a theoretic paradigm ad hoc to the context of such peoples, especially since the difference is based on communal enterprise values, with a strong link between entrepreneurship and earth, nonprofit, and decisions based on the common good [38, 51], among others, but one cannot ignore that it is an emergent investigation field for future projections [53].

So, what characterizes indigenous communities is their cultural and social background, where their attachment to their lands and traditions must be joined with economic development [54], and is key to cooperative venture projects.

Rooting gives identity and belonging to the community, where one of the key elements is Earth conceptualized as *Mother* defined as [43] “the living dynamic system consisting of the indivisible community of all systems of life and living beings that are interrelated, interdependent and complementary, and share a common destiny ... ‘*Madre Tierra*’ (Mother Earth) is considered sacred, from the worldviews of nations and native indigenous peoples”, that is, as the provider of all resources, therefore any action by an individual not only affects other people and living things, but also the environment and even supernatural beings [55], which shows that the social, political, and economic action taken has a worldview effect¹; “as a basis for society on the characteristics and properties of their environment [...] Each worldview implies a specific concept of human nature” [57].

In short, to understand the difference between social entrepreneurship and indigenous social entrepreneurship in a simple manner, Farrelly [58] explains this: one is indigenous because “the management is based on indigenous values culturally specific and visions of the world.

¹ The world view is closely linked to religion, politics, economics, and the environment. In the cosmological systems of indigenous Mexican tradition, it has a huge weight [56].

Indigenous social entrepreneurship lays greater stress on creativity, innovation and risk-taking of entrepreneurial initiative, while prioritizing social welfare over economic benefits.”

3.2. Social capital and social networks: impact on social entrepreneurship

Social capital is a multidisciplinary concept, having been the subject of interest from various disciplines, such as public politics, sociology, economics, among others; its importance is given, in part by socio-structural resources “real potential or that is linked to possession of a durable network of relationships (...) of knowledge or mutual recognition” [59] provides assets and facilitates actions [60], and provides support within them.

In this regard, in relationships of trust, friendship, and respect, “entrepreneurs with a high degree of trust are able to take advantage of their relations, according to Liao and Welsch [61]. The importance of social capital is given by elements such as rules, trust, reciprocity to strengthen cooperation [62], and finding a joint interest which increases the benefits [63].

In this sense, trust is *a sin equa non* for the existence of social capital, for it constitutes its base. So if the confidence is increased between different social actors, they will be willing to help each other, strengthening their ties and interdependence [64].

Therefore, in relations where a higher degree of trust is developed, the social capital probably increases, achieving influence over cooperative norms, facilitating new forms of partnership and innovation [61], impacting economic growth, and minimizing inequalities and ethnic differences [65].

It should be stressed that relations implanted in social capital give each person the value of trust in each other and provide the key elements to prosper through new forms of social cooperation to achieve common goals [64]. To do so, indigenous groups in Mexico “are continuing the tradition of decision-making through the community assembly, where the benefits and beneficiaries of public actions are agreed upon” [66].

According to Coleman [67], social capital is given on individual and community levels, manifesting the latter in Mexican indigenous communities, through the work called “hand back” where the benefit has direct impact on the community, especially for the preservation of traditions and customs such as the cargo system, community work, and decision making in the community assembly [55].

4. Indigenous entrepreneurship in Mexico

Although one of the main characteristics of the indigenous peoples of Latin America is that they are so diverse, many of them share language, culture, and attachment to the land, which dates back their pre-Columbian ancestors. According to CEPAL [6], it is estimated that throughout Latin America there are between 50 and 60 million indigenous people, representing about 10% of the total population, and in Mexico just over 11%.

This research is based on an exploratory study of three cases, to analyze the reality of the social actors immersed in social entrepreneurship. Because the issue of study *sui generis*, which is

being analyzed, it is important to emphasize the qualitative case study method, which allows for a profound knowledge of the subject under study to contextualize it in reality [68, 69].

In particular, with respect to entrepreneurship, there have been several authors who have used this method in their investigations [70, 71]. Precisely, the ultimate goal is to examine and analyze the reality of the characteristics of entrepreneurship in indigenous communities. As for the method of data collection, the semi-structured interview was chosen, according to the qualitative type of information requested. In this sense, very valuable information was obtained from the interviews from an exploratory point of view.

Each case study is contextualized by indigenous group that belong to companies that have been studied and are found in rural areas in indigenous communities in Mexico. Respondents were founders of three target companies. In addition, it was decided to perform a cross-analysis of cases to find the general characteristics of indigenous peoples' entrepreneurial ventures (**Table 1**).

Attribute	Puebla	Morelos	Quintana Roo
Language	Nahuatl	Nahuatl	Maya
Exchange and reciprocity	Hand back <i>momakue palo</i> , or <i>tequio</i> , both men and women	Hand back	Reciprocity and community participation in territory
Social organization	Politically, agrarian laws are fulfilled and titles are taken for ladder Religiously, group decisions	Authority in charge of <i>Huehuechiques</i> like municipal assistants, who they are prestigious elders that serve as counselors.	Autonomous social organization by region. Each municipality has a president and counselors or <i>ediles</i> , peace judges and police subordinate to governments of each state. The <i>tata nohoch</i> , scribes (sacred) and <i>rezadores</i> (people who pray), form a select group that is integrated into the municipal administration.
Features of worldview	Duality as a fundamental principle (male/female, cold/hot, day/night)	Dual of opposites. Heaven/earth, light/dark, male/female, two main types of complementary and opposite forces, similar and invested, understood in terms of polarity: positive and negative.	The life cycle of the cornfield and religious holidays. <i>Ichcol</i> , the cornfield is in the center of Mayan communal flower

Source: Authors, based on [72–74] y 46].

Table 1. Comparison of the local characteristics of entrepreneurs indigenous groups.

This research has focused on the approach that marks the difference between the venture that currently collects literature and work on indigenous entrepreneurship such as Peredo et al. [38, 50], especially the work of Dana and Smyrniotis [51], which summarizes these differences,

and returns the context of the indigenous entrepreneur to the roots which provide the social capital he possesses.

In the case of Mexico, the indigenous ethnic language is one of the identifying characteristics of the people; however, maintaining it is not an essential factor for the existence of ethnic continuity. Indigenous groups are governed by their own authorities and customs; their justice systems allow conflicts to be resolved within the community, seeking a balance with the cosmos [1].

4.1. Case 1: State of Puebla

Case 1 is an ecotourism company that offers services such as catering, accommodation, and other leisure and recreational activities. It is found in the state of Puebla, which is located in central Mexico, and belongs to the Nahua people.

In this case, the company has 68 worker-members, dedicated to ecotourism, who are grouped into *ejidos* (shared lands). The center is staffed by land-owners, all from the region.

The first stage of the project is, thanks to contact CDI (before INI²), made with landowners, through the coordinating office, inviting them to participate in an ecotourism project. To do this, the landowners met with the purpose of evaluating the possibility of entering the program. From the beginning, the CDI has been the consultant and project manager, according to the comments of the president of administration:

The CDI before INI, has been the advisor and manager. As CDI meets the resource and they look for us to give them the information to make the project of some cabins.

All support has been from the CDI and it is the manager of the infrastructure, because the materials of the region are from the ejido.

During the process of creating the community, the landowners met with the purpose of evaluating the possibility of creating the company, so ultimately, the decision was made communally.

Since the beginning of the project, the founding partner stressed to the ejido owners that they had to start getting involved, mainly in the acquisition of the necessary knowledge of the ecotourism sector, because they had gone about their normal activities and had never paid a service to a tourist. The infrastructure is based on compromise and respect for the environment.

The entrepreneur acknowledges that he has had very supportive family and friends, and they kept him motivated from the start, which helped him continue the project without abandoning it. He also explains that initially his family members did not understand the project objectives and who the landowners would be, so were hesitant. But having that knowledge, they became motivating and engaging; even more so, they have provided both emotional and physical support by helping launch the business, and actively participating by working at the company.

² INI: Instituto Nacional Indigenista (National Indigenous Institute), which changed its name to Comisión Nacional de Desarrollo de los Pueblos Indígenas, CDI (National Commission for Development of Indigenous Peoples) on July 5, 2003.

4.2. Case 2: State of de Morelos

The second case of indigenous entrepreneurship is located in the state of Morelos. In this community the indigenous Nahuatl language is spoken, therefore, those who originate from the zone are called Nahua.

The company consists of 24 members and its purpose is to offer ecotourism products, assuming that they benefit the conservation and protection of natural resources, preservation of culture and tradition of indigenous groups, mainly from the community of San Juan. This initiative was born within the community, and came from the idea of a few members of the community who saw the negative impact on the area from the lack of control of tourists who visit the zone, and decided to create a sustainable company, in which their home and heritage would be maintained. That is, its main purpose was directed to the preservation of the environment through education of their culture and tradition, as indicated by the entrepreneur interviewed:

Our motive was born from the desire to preserve our environment [...] to our community all the time we see that more people arrive to walk, but there is no control and so that was another of the causes, so we want a controlled tourism because we have also noticed that those arriving take things away with them, begin to plunder a plant, a stone [...] and in that way they are extracting our resources and therefore we must have control, so we discussed the situation at a community meeting.

[Our families] initially had a little bit of incredulity, because they thought how is it possible to do, because in the past we repeatedly tried to do things and have not been achieved, obviously with other people. The important thing here is that several people, entire families, parents and children joined and said we come together.

Therefore, the launching of a company is a form of resistance and defense of indigenous traditions and environment, whose main purpose of implementation was not to seek economic goals, but rather an impact on the indigenous community. Furthermore, commonality comes from the emphasis on the authorization of the project, which was agreed by the community assembly, where all community members supported the beginning of operations. The founder of the organization explains:

The act of providing information, was what opened the doors to us [...] everything was done as part of a community meeting to explain the project and community members said there was no problem, we can arrange, then to have the interest, we start somehow [promote] the project, but we knew we needed a collection and for that we managed the first [funding].

Therefore, trust, as a key element, as well as the common good, supported the organization's creation from the first moment. Similarly, they have managed to obtain the "great advantage," as they call it, which is the existing unity within the community; besides knowing that their project comes from "social base" (as it has been named) and is a company that is growing internally, so they why and for whom is clear in what they are doing.

4.3. Case 3: State of Quintana Roo

Case 3 refers to an enterprise located in the State of Quintana Roo, where the ethnicity is Maya. Quintana Roo is located in the South-East of Mexico. Entrepreneurship is contextualized in an indigenous Maya community. The identity of the indigenous Maya remains intact due to the concurrence of at least three related factors, “the daily use of the Mayan language, the persistence of religious rituals and customs, and social organization of autonomous communities” [73].

The idea of entrepreneurship was developed with young workers at the Blue Lagoon, who, thanks to the proposal of a biologist, convinced the landowners in the area to participate in catchment courses. At that time the members attend these courses, they begin to conceive a possible business that may provide an alternative and sustainable income. So they began offering services such as interpretive trails, visits to the Cenote, swimming in the Blue Lagoon, camping, and kayaking. After 2 years, arose the idea of diversifying the business, by adding the rural community to tourism. So they created the cultural route, where community members are invited to demonstrate their festivities, customs, and values, such as the typical food, dances, traditional medicine, to present the world of bees, and storytelling.

After two years we realized that we can offer more and we had more potential in the community, as [our] culture; and I sat down and started to think what else we can do, something like storytelling, make traditional food, traditional medicine dances, [to present] the bees Melipona. [with which] one says yes, my grandfather tell stories, listen, invite him for this, and so we were diagnosing, analyzing everything we had in the community, and then saw that there was that.

To achieve the “cultural tour,” a great deal of convincing was necessary for the members of the community, because they did not understand how tourists could be interested in their customs. Despite this, they managed to gather a group of people who offered typical Mayan food service and Mayan dancers, among other activities.

Other achievements emphasized by the founding member have been the responsible management of waste from and care of the Blue Lagoon. Thus, they have achieved other environmental prevention measures, such as an environmental education workshop, which is directed at children. The way to reach them is through the school involvement in the project, with the aim of preserving and valuing the traditions, culture, and the environment.

The importance that the community places on the territory that belongs to them—ejido—is demonstrated in the organization of the company. Cooperative members are sons of landowners and nonlandowners, so they do not have the same rights; therefore, they need the consent of the ejido to develop their activities. That is why on the ecotourism tour the guides are sons of *ejidatarios* (land owners) and on the cultural tour, in the absence of exploitation of ejido, the authorization of the Commissariat is not necessary.

It is also why we created the cultural part, and the maintenance part of Blue Lagoon belongs to the ejido, we are only guides, it clearly benefits them and many people at this time. In

community tourism we are the direct [CM] because we cater to the people of the Community.

One of their main objectives is that as much as the community, that tourists understand both the impact that man has on the environment, and why he should care.

5. Discussion of results

While the indigenous populations studied are located in areas of Mexico where more poverty exists, through the case studies we can observe that the worldview of these indigenous peoples has put these types of businesses into motion, and have been successful, thanks to the possibility of alternative economic resources they provide to their communities.

The obtaining of an economic benefit is not the primary goal that drives these companies, but is an added incentive. Through the motivation to preserve the environment, tradition, and culture, both the entrepreneurs and the community benefit as a whole.

From the beginning, the decision to launch the company was based on consensus, in other words, they respected the views of the Community Assembly (in one case the ejidal organization) for all matters concerning the company.

Without a doubt, the bonds that provide the social capital of a community greatly influence the achievement of the enterprises; confidence in the community, and attachment to the land, and the community is manifested when making the decision.

In the cases analyzed, the struggle between the preservation of their customs, culture, and environment and the pursuit of economic development was not a shock, because the indigenous people have managed to balance their enterprises, within an external system that conceptualizes life, through the preservation of the environment, identity, and culture. This is reflected in the comparative table of the enterprises, showing the characteristics of indigenous entrepreneurs (Table 2).

Element	Case 1 (Puebla)	Case 2 (Morelos)	Case 3 (Quintana Roo)
Conceptualization	Worldview	Worldview	Worldview
Goals	Economic and noneconomic Community-based	Economic and noneconomic Community-based	Economic and noneconomic Community-based
Value	Community	Preserve the resources of the region Survival of the community	Environmental sustainability Rate the local culture and the Mayan language as well as keeping the environment

Source: Authors, based on [51].

Table 2. Summary of case studies.

6. Conclusion

The main contribution of this study has been to show the differences between the indigenous entrepreneur and the profile identified by the literature specializing in entrepreneurship, through profound interviews of three indigenous entrepreneurs who belong to ecotourism businesses in the Mexican States of Puebla, Morelos, and Quintana Roo.

It is evidenced that the practices of entrepreneurship are embedded in the culture and values of the group to which the entrepreneurs belong. Through entrepreneurship they are seeking to publicize the cultural value of these indigenous groups. Their aim is to convey to the world the values of their culture and to emphasize their ethnic worldview.

Indigenous enterprises began looking for projects to serve the good of the community, where economic goals were not the driving force, but have also achieved economic gains from business activity. Furthermore, decisions were made by consensus, according to the organization of the groups; thus it is discovered that the indigenous entrepreneur has a strong attachment to the land of his ancestors and wishes to be identified in his ethnicity. Therefore, it is observed that all the entrepreneurs interviewed feel the same sense of pride and identity.

In conclusion, one observes that the social entrepreneur profile, what we might call indigenous, is unlike the profiles commonly accepted in literature, where the need for achievement plays a predominant role [75]; because, in the case of the indigenous entrepreneur, the individual achievement is subordinate to the common good, and the entrepreneurial intention is dependent on the will and support from the community, in line with the point made by Dana and Smyrnios [51]. Forms of cooperation, collaboration, and reciprocity in the community as manifestations of social networks and social capital are evident.

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Social Entrepreneurship by Community-Based Organizations: Innovations and Learning through Partnerships

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Abstract

This chapter examines the social entrepreneurship potentials of community-based organizations (CBOs) linked to nongovernmental organizations (NGOs) in the implementation of development programs. The conceptual framework of the study draws on the existing literature on social entrepreneurship and cooperatives. The study highlights the social and ecological roles and significance of CBOs in the creation of social value at the local community level. The research findings reveal that NGO-CBO partnerships help to transform CBOs into social enterprises by creating revenue generation streams. Such partnerships also catalyze social innovations and social learning outcomes. In this chapter, three case studies from Bangladesh are examined, which demonstrate how the social entrepreneurial roles of these CBOs have been instrumental in the management of local natural resources and in fostering social learning. The case studies reveal that institutional support and favorable public policies are crucial in sustaining social entrepreneurship by CBOs.

Keywords: community-based organization, NGO-CBO partnership, social entrepreneurship, social innovation, social learning

1. Introduction

Partnerships between nongovernmental organizations (NGOs) and community-based organizations (CBOs) have become a significant force in efforts to address social issues through collective means [1]. In facing the challenges of attaining sustainability and other social objectives, NGOs are increasingly adopting an entrepreneurial approach. The most significant approach

that emerged in recent decades is the “social entrepreneurship” model in which small enterprises are established to provide goods and services directly tailored to local needs and sustainability goals [2]. Such affiliated CBOs play important development roles in the rural and low-income areas of poorer-income countries, where the government is unable or unwilling to provide necessary social services [3,4]. It has recently been observed in Bangladesh that most CBOs partnered with development NGOs play catalytic roles protecting and promoting the management of local ecological resources, thereby supporting local sustainability [5].

NGOs are moving towards entrepreneurship and developing innovative means of revenue generation to enhance their financial capacity and sustainability [6,7]. However, the potentials of such shift in the case of their partner CBOs have seldom been explored, as the existing literature typically assumes that all CBOs are nonprofit organizations (NPOs) [8]. Although NPOs are nonprofit by mission, they still typically seek financial self-sufficiency to cover costs and provide needed services without relying on outside donations [9]. The study therefore inquires: (i) If NGOs can move towards social entrepreneurship for self-sufficiency and sustainability, could their partnering CBOs also adopt the similar path? (ii) Do CBOs entail social entrepreneurship potentials that could be harnessed to enhance their capacities to sustain? (iii) Can the NGO-CBO relation be leveraged to ensure social entrepreneurship by CBOs? The objective of the study is to examine whether CBOs are able to transform themselves into social enterprises and how this transformative process, which has reliance on partnership with NGOs, contribute to social innovations and learning.

2. Entrepreneurship by CBOs: partnerships and innovations

The entrepreneurial potential of community groups has been debated since the 1990s. Although cooperatives, mutual societies, associations, and organizations not owned by shareholders have always existed, they have rarely been considered businesses or market-oriented organizations [10]. Instead, they were merely labeled as the “social economy” representing the so-called “third sector” [11]. This consideration was contested by numerous authors who argued that development organizations should evaluate the strengths of local organizations [12]. Other scholars [e.g., Refs. 13,14] also asserted that developmental activities that compromise CBOs are incapable of fighting poverty.

Based on the principle that enterprise development is the key to economic development [15,16], various development promoters undertook numerous projects aimed at establishing small businesses at the community level [17]. Since the 1990s, a key development in the operation of nonprofit ventures has been the adoption of microfinance—a phenomenon often referred to the “microcredit revolution.” The microcredit-oriented development mechanism was adopted and expanded by NGOs using participatory development strategies. This approach recognizes the ability of local communities to take action to improve their economic and social conditions [18], leading to the creation of many CBOs, self-help groups, women groups, and peer groups around the world. The resulting partnerships between NGOs and CBOs encouraged interactive and adaptive learning processes among community members—

what Berkes [19] termed as “social learning.” As a result of these developments, social issues such as livelihood security and environmental conservation in poor communities—as well as that of fragile ecosystems—came to the forefront of the global development agenda [20,21].

Assessments of the validity of CBOs as self-sustaining entrepreneurial ventures vary. For instance, Chell [22] insisted that social and community businesses have a tendency to (i) be grant dependent, (ii) be non-self-sustaining, and (iii) employ nonentrepreneurial staff. These tendencies can undermine the social value of CBOs by forcing them to seek donations to fund interventions in their target communities. Forwarding a contrary view based on an empirical study of 250 CBOs in Bangladesh, Thompson [23] claimed that external supports are not necessary to the survival of CBOs, as most of them demonstrate the capability for self-sustainability and improvement with minimal support following the expiry of projects.

An innovative approach for CBOs to be self-governing and self-sustaining is advocated by Aryal [24]. The proposed approach suggests CBOs to seek the help of NGOs in accessing funding opportunities from commercial banks and developmental credit agencies. With such financial support, CBOs would be more easily able to undertake income-generating activities, while the partner NGOs oversee their entrepreneurial affairs for a reasonable period. Similarly, Datta [25] emphasized a functional partnership wherein CBOs can acquire the necessary knowledge and skills to become self-sustaining from their associated NGOs. Nonetheless, questions remain as to whether entrepreneurship by CBOs is tenable and whether developmental NGOs can adequately facilitate such transitions. Because CBOs have proven effective at managing local resources and addressing social issues, we argue that, to address complex social issues and challenges [26], long-term sustainability, especially the financial sustainability of CBOs, must be ensured by supporting their social entrepreneurial drive.

2.1. NGO-CBO linkage towards social entrepreneurship

NGOs have been the basis of study of social entrepreneurship. According to Dart [27], “social enterprise” can be viewed as a set of strategic responses to a variety of environmental and social challenges that NGOs typically address. These responses lead NGOs to develop strategic partnerships with institutions based at the local community level. Such partnerships demand innovative approaches involving the creative reallocation of resources and reconciliation with traditional ways of operating in the sector [28]. There is ample evidence to suggest that such partnerships were instrumental to the development of local community-based enterprises worldwide [29–32]. Several studies observed that the lack or loss of such partners results in failure [33,34].

Both NGOs and CBOs perform different functions within a partnership. NGOs are well placed to explore opportunities and identify key resources as well as to provide services such as start-up funds, institution building, business networking and marketing, innovation and knowledge transfer, technical training, research, legal support, infrastructure, and community health and social services that CBOs need to become self-sufficient [35,36]. In the partnership process, CBOs place their organizational capacity, bring local perspective, and use social capital to carry out the partnerships goals and NGO-devolved developmental responsibilities.

2.2. Social innovation and learning

The present study is situated within the literature on social enterprises and is placed by reviewing the current theoretical models of non-profit-driven social entrepreneurship. The process of social entrepreneurship is not well defined, and there is a lack of theoretical and evidence-based research on these processes in the context of nonprofit operations [7,37]. This lack of clarity and consensus on the definition of social entrepreneurship [38] creates ambiguity regarding society's expectations and norms related to services traditionally performed by the nonprofit sector. The authors, therefore, attempted to provide a clearer definition of social entrepreneurship, viewing it as a process that combines resources in new ways to stimulate social change and meet local needs.

Explaining how social entrepreneurship relate to social innovation, Austin et al. [39] asserted that it can be understood as a process of continuous realization of opportunities to pursue social innovations and adaptation of these innovations into social enterprises for further value creation in the society. In this context, social innovation is viewed by the Organisation for Economic Co-operation and Development (OECD) [40] as the key to social change and value creation, suggesting that the process (social innovation) should involve attributes and activities as key elements to create provisions for employment and participation. The OECD [41] definition links social innovation to local development and the formation of new relationships between local people and their environment; it clarifies that

“Social innovation refers to traditional innovation in terms of ‘value creation.’ It entails new strategies, concepts, ideas, and organizations that meet social needs of all kinds — from working conditions and education to community development and health — and that extend and strengthen civil society. Alternatively, it refers to innovations that have a social purpose — like microcredit and distant learning. Social innovation can take place within the government, within companies, or within the nonprofit sector between the three sectors. The different types of platforms need to facilitate such cross-sector collaborative social innovation. Its ultimate goal is not only to create economic value but also to enhance social institution. Therefore, NPO, civil society are to be involved, which are rather low key in field of traditional innovation as ‘actor’ in charge of leading innovation (p. 16).”

There are exemplary instances of social innovation by CBOs where social enterprises subsume local authorities as shareholders in their governance system. Yunus et al. [42] cited British and French “community interest companies/cooperatives” as examples. In Bangladesh, the “*nishorgo* network” and “integrated protected area comanagement” projects engaged with community organizations in forest conservation efforts on a benefit sharing basis are geared towards revenue generation [43,44]. The comanagement committees of those projects also operate several carbon sink programs with income provisions for the engaged community members. In all the cases, local authorities directly participate in projects that are likely to have a positive impact on local development in terms of social capital generation, sustainable employment creation, and provisions for services of general interest.

Social learning is increasingly becoming a normative goal in natural resource management and policy [45,46]. It occurs mostly through joint problem-solving and reflection, with the sharing of experiences and ideas [19]. Social learning can also be conceptualized as achieving concerted action in complex and uncertain situations [47]. Earlier literature defined social

learning as a process of iterative reflection that occurs when experiences and ideas are shared with others [48]. This study subscribes to the definition of Reed et al. [49], who view social learning as a process of social change in which people learn from each other in ways that can benefit wider socioecological systems. It pays particular attention to group-centered social learning, as this is increasingly seen as central to decision-making in environmental management. Pahl-Wostl and Hare [50] clarified that management is an ongoing learning and negotiation process; hence, management and learning are linked through communication, perspective sharing, and the development of adaptive group strategies for problem solving.

3. Methods and study area

The study employed a qualitative case study [51] and participatory research [52] approach to achieve the research objectives. It explored the social entrepreneurial context and perspectives relating to the operations of an NGO in Bangladesh, namely, the Center for Natural Resources Studies (CNRS), with extensive CBO-aided entrepreneurial programs. The CNRS has implemented a green entrepreneurship development program in two intervention sites in Bangladesh. This study was conducted at one of these sites located in the Moulvibazar district of the country. The CNRS has implemented green entrepreneurship development programs in five villages of Barlekha *upazila* (subdistrict) of the district. It also implemented several other programs focusing on sustainable environmental management, community-based fisheries, and wetlands biodiversity in the area. In all cases, this NGO made significant efforts to build and maintain partnerships with local CBOs.

The primary tools of investigation for this study were document reviews, key informant interviews, focus group discussions (FGDs), and multistakeholder workshops. A review of institutional and operation-related documents for both the CNRS and local CBOs enabled the study to analyze the entrepreneurial dynamics of the NGO and the social entrepreneurial characteristics of CBOs. In-depth interviews of key executives (president, secretary, and cashier) of CBOs revealed their abilities and entrepreneurial potential. Three separate FGDs were held with three CBOs. We also interviewed two senior NGO executives, two NGO field managers overseeing entrepreneurship programs, one developmental entrepreneurship expert, and one policymaker. In addition, a multistakeholder workshop was organized at the local *upazila* headquarters (Barlekha) involving representatives from the regional government, the NGO, leaders of CBOs and local government, and members of CBOs to evaluate their (CBOs) entrepreneurial roles and capacities.

The study area is a wetland ecological region known as *haor*, characterized by numerous swampy bowl-shaped natural depressions (**Figure 1**). A *haor* remains inundated for 6 to 7 months per year. The natural resource bases of *haor* consist of croplands, rivers, *beel* (large naturally depressed water bodies), canals, streams, riparian bushes and trees, reed lands, aquatic vegetation and swamp forests, open grazing areas (raised land locally known as *kanda*), and edges of roads and embankments. Apart from agricultural activities, the livelihoods of the local people are largely dependent on fishing from the surrounding water bodies and collection from other commons. Due to various natural and anthropogenic pressures, these

natural resource bases are rapidly being depleted. Since 2000, with NGO guidance, local CBOs emerged as critical players in the preservation and management of these resources.

During the period of investigation, there were six CBOs operative in the five villages where the CNRS ran programs. We selected three CBOs based on their multiple years of operation and diversity in approaches: (i) *Nischintapur-Shahapur Bahumukhi Samity* Ltd. (Nischintapur-Shahapur Multipurpose Cooperative Ltd.), (ii) *Nanua Mohila Samity* (Nanua Women Cooperative Ltd.), and (iii) *Shapla Samajvittik Bahumukhi Samity* Ltd. (Shapla Community-Based Multipurpose Cooperative Ltd.).

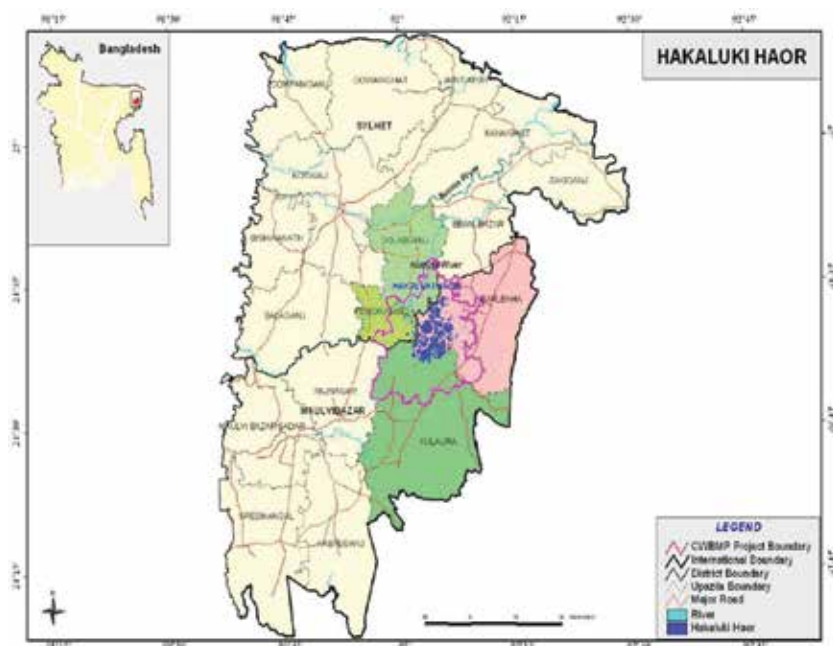


Figure 1. Map of the studied Hakaluki *haor* area in Barlekha *upazila*, Moulvibazar, Bangladesh [Source: Map drawn under Community-Based Wetlands Biodiversity Management Program (CWBMP) by the CNRS GIS unit, Dhaka].

4. Results: cases of social innovation by CBOs

The emergence of CBOs in the study area can be attributed to interventions by the local developmental agencies aimed at increasing the livelihood security of rural communities through participatory management of *haor* resources. These NGO-guided CBOs have been in operation since 2005. Based on the purpose, objectives, and nature of planned programs or activities as set down in the constitutions of the studied CBOs, we divided these mission components into two categories: (i) economic mission and (ii) learning mission (**Table 1**).

Economic mission	Learning (social) mission
<ul style="list-style-type: none"> • Improving livelihood and creating alternative income-generating opportunities for the socioeconomic well-being of the organization members (in general) • Promoting savings by the members and operating microcredit schemes for the sustenance of the organization; the primary purpose of microcredit operation is to provide loans to the members to reduce or eliminate their dependency on traditional moneylenders • Investing in the CBO fund for income generation and productive purposes • Selling, marketing, and distributing necessary goods and services at a fair price among CBO members • Ensuring and facilitating collection, supply, and use of agricultural inputs (e.g., seeds, fertilizers, and pesticides), modern equipment, and scientific techniques for farming and production • Promoting skills development for product processing, marketing, microindustry establishment, etc. • Marketing and storing member-produced goods to sidestep middlemen or intermediaries and ensure maximum market prices • Motivating and assisting members in undertaking agriculture, fishery, trading, handicrafts, or other agro-based microventures (individual or group operated) • Acquiring open-access or fallow land areas in the locality for collective farming on a shared-cropping or yearly-lease basis • Arranging and implementing vocational and skills development schemes for the benefit of members of the CBO as well as those of the community at large • Establishing business or commercial entities by purchasing, leasing, or renting land, buildings, factories, or other assets when necessary • Engaging with trading, export, and import-based businesses • Undertaking forestry, social forestry, and plantation-related schemes 	<ul style="list-style-type: none"> • Ensuring solidarity, prosperity, and equality of the organization members as well as the larger community (in general) • Resolving conflicts among the organization members by acting as an arbitration body • Contributing to the development of local educational, health, religious, and commercial institutions (e.g., schools, colleges, hospitals, mosques, and markets) and communication infrastructure (roads, embankments, bridges, etc.). • Undertaking programs to eliminate illiteracy and provide educational aids to the children of CBO members • Providing leadership training to the members and promoting women’s leadership roles • Establishing informal schooling facilities and other appropriate vocational institutions for the elderly • Promoting the advancement of female members through educational, vocational, skills development, and other social programs • Arranging sports, recreation, and amusement programs for members and their families • Raising awareness against tobacco, aids, cancer, illiteracy, and environmental degradation • Building organizational and office management capacities for the members through training • Helping the families of deceased members with organization funds • Ensuring appropriate division of labor and incomes through standard organizational procedures • Maintaining an information repository for improved resource management and networking

Table 1. Economic and social missions of CBOs.

The CBO constitutions stipulate that they may pursue any combination of the above activities as per operational necessity. They also set out rules and procedures regarding membership, share and capital acquisition, lending, purchases, contracts, recruitment, office maintenance, business venture operation, and cash flow management. Their registration with “joint stock companies” requires them to maintain standard decision-making and reporting procedures.

In the process of implementing intervention projects focusing on areas such as sustainable environmental management, community-based fishery management (CBFM), and wetlands biodiversity management, the studied NGO (i.e., the CNRS) undertook bold initiatives to build

partnerships with local CBOs. This initiative encompassed community knowledge and capacity-building measures, including raising awareness on the importance of local natural resources, the environment, and legal rights; training on livelihoods and alternative income generation skills; and facilitating networking and institutional linkage development efforts. The CNRS further involved CBOs in the decision-making process regarding project components related to local natural resource management issues. The partnerships thus advanced and lead to many innovative mechanisms. The initiatives contributed to social value creation and learning. We focused on three such initiatives.

4.1. Case 1: Swamp forest restoration through cooperative entrepreneurship

The studied communities in the wetland areas have a considerable degree of dependence on flooded or swamp forest resources, which include tree species, reeds, shrubs, and aquatic plants. These forest species are crucial to the *haor* ecosystem for four major reasons: (i) they provide natural resistance to rising waters and intense waves during monsoons and thus protect houses and homesteads from erosion, (ii) they are the primary source of fuel energy for household activities throughout the year, (iii) many are also used as thatching material for houses, and (iv) many local microentrepreneurs are dependent on them for handicrafts making (e.g., mats, cane furniture, baskets, and others).

Established in 2005, *Nishchintapore-Shahpur Bahumokhi Samobai Samity* Ltd. emerged as the local partner of the CNRS for implementing activities under a national program for sustainable environmental management in the study area (**Figure 2**). With organizational and technical guidance from the CNRS, this CBO identified that the rapid degradation of swamp forest resources in the area posed a major threat to local livelihoods and the ecosystem. In response, the CBO members created a common front to restore these degraded forests through plantation in common-property and open-access areas. The core mission of the scheme was to sustain the restoration initiative in the long term, simultaneously benefitting both the ecosystem and the livelihoods of the CBO members.

To carry out this initiative, the CBO received an endowment fund equivalent to USD 400 (BDT 30,000) from the partner NGO. With guidance and facilitation by the partner NGO, the CBO then set out the implementation, operation, revenue generation, and benefit sharing plans of the entrepreneurial venture, as described below.

The “implementation” activities included, among others, designing the plantation program and identifying potential lands for this purpose. Facilitated by the partner NGO, the CBO members conducted a participatory land use survey (PLUS), an extended community resource mapping method, to identify potential lands, such as *khas* (government-owned open-access areas), *kandha* (raised land areas inside the *haor* body), and *ijmali* (lands with gross ownership; i.e., with no exclusive title-holders). Knowledgeable elder members of the CBO were instrumental in identifying these land areas, which were then vetted by local land-offices based on their own maps.

Subsequently, the *Nischintapur-Shahpur* CBO acquired a total of 5 km² area in the locality to implement the plantation venture. The swamp forest species planted under the program were *Hizal* (*Barringtonia acutangula*), *Koroch* (*Pongamia pinnata*), and *Barun* (*Crataeva magna*).

The “operation” of the venture was primarily reliant on a project implementation committee (PIC) comprising seven CBO members. The PIC acted as the plantation subcommittee responsible for implementing and monitoring plantation activities and reporting on progress to all the CBO members. Discussions with the CBO executives combined with an examination of CBO-meeting resolutions and the partner NGO’s project reports revealed the following salient operational features of the plantation venture:

- The material inputs were mainly saplings, which were collected either from natural sources or from community-owned commercial nurseries.
- Male members of CBOs were appointed to guard the planted areas, whereas women irrigated the saplings during the dry months of the year, especially from February to April.
- Through plantation, the priority of the joint CBO-NGO mission was to restore the shrubs, grasses, and reeds, which make up the understory of the forest. Therefore, the CBO resolved to maintain a permanent reserved forest or conserved areas (also called sanctuaries), as they considered this measure crucial to the regeneration and succession of the flora and fauna of the ecosystem.
- With assistance from the NGO, the CBO developed a “resource harvesting code of conduct” following a participatory decision-making process. It was decided that the mature forest

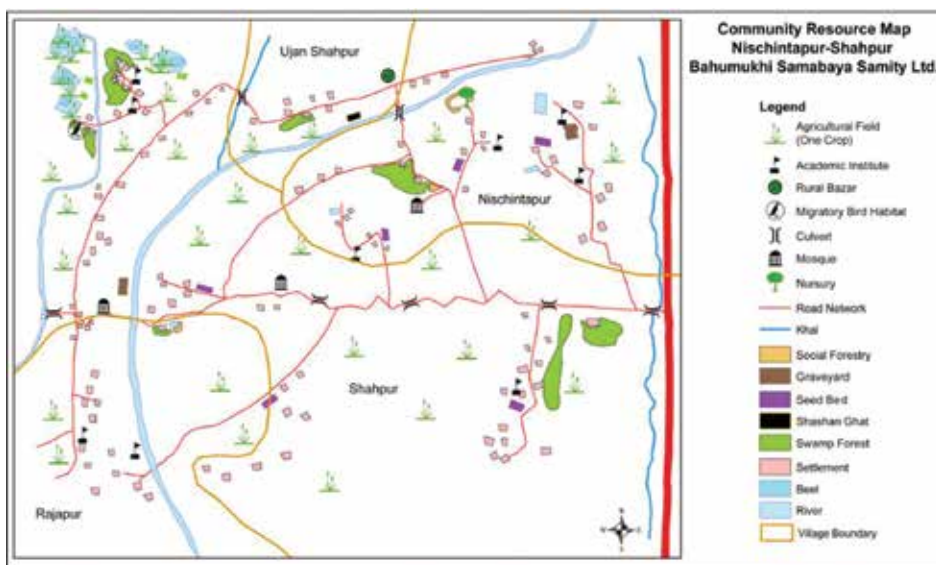


Figure 2. Resource map of Nishchintapore-Shahpur CBO.

would be divided into five equal blocks, of which four blocks would undergo a rotational harvesting and remaining block would be conserved as permanent sanctuary.

- The CBO would not sell a whole tree but instead trim it rotationally to yield fuel wood to sell locally. It would also sell the understory grasses, plants, and shrubs to the locals in a controlled and sustainable manner.

The “revenue generation” stream of the entrepreneurial venture followed its operational principles. Based on the operational procedure, the projected cash flow of the CBO involved several sources of income, namely, selling tree branches for fuel and selling permits for collecting grass, fuel wood, and fodder (**Table 2**).

Source of income	Harvesting principles	Amount/rate
Sale of tree branches as fuel wood	The trees in four of five forest blocks undergo harvesting in a yearly rotation— one block per year. The trees are trimmed only to yield branches and leaves for fuel wood	Based on the 2005–2006 projection, the CBO determined that fuel wood buyers would be charged BDT 400 (equivalent to ~USD 6) per tree
Chailla grass (<i>Hemarthria protensa</i>) collection permit	The CBO issues permits to local buyers interested in buying grass to halt wave action to protect homes from erosion. Permits only allow for half-day collection period to ensure sustainability of the resource base	The CBO set BDT 100 (USD 1.4) as the charge for a half-day grass collection permit
Half-day permit for fuel wood collection	Local people also collect fuel wood materials from the shrubs, grasses, and plants in CBO forested areas. To ensure sustainability, the CBO allocates a half-day quota only for each collector, and the number of collectors is controlled based on the available stock of wood	The CBO charges BDT 50 (USD 0.80) for a half-day fuel wood collection permit
Half-day permit for fodder collection	Fodder collection is in high demand among the locals, as cattle rearing is one of the major sources of livelihood. The CBO allocates a half-day quota only for each collector and also controls the number of collectors	The CBO charges BDT 50 (USD 0.80) for a half-day fodder collection permit

Table 2. Sources of cash inflow of *Nishchintapore-Shahpur Bahumokhi Samobai Samity Ltd.*

The “benefit sharing” mechanisms were also set down by the CBO members while planning this entrepreneurial venture. The general terms and conditions of benefit sharing are as follows:

- 60% of income from harvested or restored (**Figure 3**) swamp forest products would be distributed equally among all members of the CBO.
- 25% of the yearly turnover would be transferred to the CBO’s operational fund. The CBO would use this fund for the maintenance of the venture (maintenance costs were estimated to be <5% of the income) and overall community development.
- The remaining 15% would be distributed to land owners or *union parishad* (the lowest administrative tier) depending on the nature of land ownership.



Figure 3. A restored area of swamp forest by the *Nischintapur-Shahpur* CBO

4.2. Case 2: “Four cows and a half-acre” model—a group entrepreneurship with multiple social and ecological benefits

The *Nunua Mohila Samity* (Women Cooperative of Nanua) was formed in 2004 by female members of the Nanua village located at Hakaluki *haor* basin at Barlekha *upazila* (**Figure 2**). At the time of founding, 80% of the members were involved in household chores and 18% raised poultry in addition to their daily household activities. The CNRS facilitated the formation of this CBO to promote the engagement of women in wetland natural resource management. This move was unique, as it is typically difficult for women to join CBOs due to sociocultural pressures. The CNRS trained and helped them in developing the organizational action plan—a process known as participatory action plan development (PAPD). The CNRS provided capacity-building measures to this CBO, whose outcomes until 2007 included the following:

- The CBO gained the organizational knowledge and capacity necessary to run microfinance programs and undertake AIGAs. To oversee the day-to-day organizational activities and financial transactions, including banking, it formed a seven-member executive committee comprising a president, a vice president, a secretary, and four members.
- An endowment fund of USD 800 and a one-time revolving credit fund of USD 2000, arranged by the partner NGO, were established.
- Access to the credit facility led local women to establishing microenterprises such as plant nurseries, poultries, duckeries, goat rearing, beef fattening, fish-net crafting, mat making, and home-based grocery shops.
- Participatory NGO-CBO assessment practices evaluated the capacity of the members to pursue their proposed entrepreneurial ventures and then provided skills development training as required.

- Successful records of microcredit program operation by the CBO enabled it to receive further funds (revolving credit) in the form of operational loans from the Bangladesh Rural Development Board to expand their microcredit program.

As its partnership with CNRS evolved, in 2008, the CBO received further skills training, assurance of technical assistance, and aids for enhanced entrepreneurial capacity. The NGO also provided them with irrigation equipment (such as a CBO-owned submersible water pump) and veterinary facilities for the cows. The NGO was able to arrange these facilities for the CBO from a CIDA-funded development project (named BEGCB) that it implemented in the area with a goal of sustainable resource management and support to local livelihoods. Subsequently, a group of five members of the CBO jointly planned a composite cow rearing and vegetable production venture requiring a larger (than usual microcredit loan) capital investment. For this, the group received an “enterprise loan” of USD 2000 (Table 3).

This group entrepreneurship model was based on four milch cows (pregnant or lactating at the time of purchase), and about half an acre of cultivable land for organic vegetable production. The CBO established a 4×7 m cowshed with provision for cement flooring, a raised floor to facilitate drainage, and a corrugated tin roof, which can house eight cows. Adjacent to the shed, is a biodigester to produce biogas and organic fertilizer. The biodigester can process up to 60 kg cow dung per day to produces 3.0 m³ biogas. A composting pit is also built beside the shed.

This mini-dairy and organic agriculture scheme required a start-up capital in the amount of BDT 339,900 (USD 4200) mainly to buy the cows, lease land, and build the shed and biodigester facilities (Table 3.) The group also raised a working capital to buy fodder for the cows as well as seeds and other materials for vegetable cultivation. The female group members reported that they would also rely on the help by their male family members to run entrepreneurial functions such as grass collection and day-to-day nurturing of the cows, land preparation and production activities for vegetable fields, and harvesting and marketing of products.

Investment	Four cows, leased or owned lands, cow shed, biodigester, and compost facilities	Capital
	Fodder, treatment, seed, irrigation, and labor	Operating cost
Outputs	Calves, milk, manure, and organic vegetables	Products
	Biogas and firewood sticks for cooking	Energy
Outcomes	Employment and income, health and nutrition, education, and productivity	Social
	Zero waste, greening, GHG reduction, and reduction of pressure on forest covers	Ecological

Table 3. Nature of investment, outputs, and outcomes of the composite agroenterprise.

The group members and the CBO leaders revealed that the farm would produce:

- 40 to 60 kg of high-quality organic manure a day that would be used in their vegetable fields as fertilizer. Some of the group members also opted to make firewood sticks and compost to sell to locals.
- The biodigester would produce 3.0 m³ biogas/day for cooking and lighting.
- 12 liters of milk could be collected per day with all four cows producing (75–80% to be sold and the remainder distributed among member families for consumption).
- The group also expected four calves every 14–16 months, which they will raise for 2 or 3 years before bringing to market.

Biogas production reduces the use of conventional cooking firewood made from tree branches and manure. Two closely located households enjoy this biogas facility for cooking and lighting. It is estimated that approximately 5 tons of biomass are saved in a year as the families switch from conventional cooking energy sources to biogas. The female household members engaged in daily cooking reported that they will enjoy a better health, thanks to reduced exposure to smoke and ashes. The women are also free of the burden of collecting or making of fuel woods, which reduces their working hours by 40%. Uninterrupted lighting facilities allowed for extended study periods for the children, and other family members are able to finish more household chores and crafting jobs during the evenings.

Vegetable production will also add to the value of the project. The group members plan to produce organic winter and all-season vegetables both for family consumption and for sale in the market. They estimated a yearly cost reduction of 20% due to the resulting independence from regular vegetable purchase. It is also envisioned that much of their operating costs could be offset by vegetable sales. The enterprise also does not generate waste, as dung is recycled into fertilizer and compost. Methane emissions are also captured by the biodigester to produce biogas.

4.3. Case 3: Management of aquatic resource bases and afforestation

In assessing Case 3, we primarily observed the transformation of the *Shapla* Multipurpose Cooperative Ltd. (*Shapla* CBO) of Boro Maidan village at Talimpur *union*, Barlekha. Established in 2004, the *Shapla* CBO emerged as a local fishery and forestry resource management body with the guidance of the partner NGO (i.e., the CNRS). As an implementing agency of the intervention program of CBFM, the CNRS facilitated the formation of local bodies to aid in resource management. It mobilized the community resource user groups and provided technical and institutional support to form a CBO. The institutional support components within the scope of the CBFM project are as follows:

- Capacity building and skills training;
- Developing and implementing plans for managing fisheries in *beel* (perennial water body) habitats through the construction of fish sanctuaries, imposing gear bans, enforcing closed seasons, and carrying out habitat restoration;
- Signing of contracts and agreements with the resource (fisheries) management line agencies;

- Providing microcredit;
- Building community centers; and
- Linking CBOs through networking.

With an endowment fund of BDT 50,000 (USD 800) from CBFM, the *Shapla* CBO planned to embark on an entrepreneurial venture with the dual objectives of meeting resource management goals and supplementing local livelihoods. About half of the CBO members (46%) were fishermen, whereas the rest had diverse occupations primarily relating to agriculture. As part of their national policy intervention, the CBFM program tested the efficacy of local management of Hakaluki *haor* water bodies. These water bodies were government owned and leased out for a period varying from 1 to 3 years by the Ministry of Land. The *Shapla* CBO succeeded in leasing *Gaimara beel* for 3 years using both the endowment and member-raised funds. In addition, as 54% of the CBO members were nonfishers, *Shapla* also undertook a plantation program to raise lumber trees.

All 22 members of the CBO were involved in implementing the fisheries and plantation ventures. Initially, they established a resource map of their community (**Figure 4**); and then developed a shared understanding and a set of norms for operating the ventures. A five-member *beel* management committee, as well as a plantation subcommittee, was formed. These committees were responsible for liaising with the partner NGO and other line institutions with regard to the respective venture affairs. The CBO had to reach a tripartite agreement, the partner NGO (the CNRS) and Ministry of Fisheries and Livestock (MoFL) being the other parties responsible for its operation, management, and harvesting policies. The CBO's forestry project planted 4000 saplings on lands owned by the Local Government and Engineering Department (LGED), which was not a partner agency of the CBFM program.

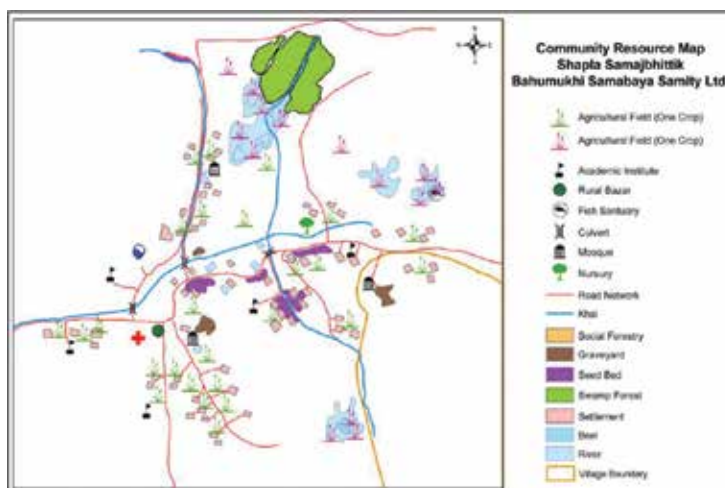


Figure 4. Resource map of the *Shapla* CBO

The CBO-operated fisheries and forestry ventures promoted conservation and greening in the locality. As per the agreed-upon operational policy (through the tripartite agreement), a portion of the *beel* was kept as a fish sanctuary (**Figure 5**) to ensure the conservation of brood fish; the brood fish were used for breeding purposes in the following year to maintain stocks. Although the lease entitled the CBO members to harvest fish from the *beel*, one of the conditions was to maintain a “closed season” harvesting ban during the early monsoon, which is the breeding season. The CBO members reported that the MoFL-imposed “closed season” usually spanned 3–4 weeks in the *haor* areas; this measure contributed significantly to the growth of fish stocks in the water bodies.

The benefits from fish harvesting were equally shared between CBO members. The CBO reported an average 40% gross profit on their investment in the fisheries venture. However, the plantation venture did not flourish as the CBO failed to establish ownership of the plants, as the government department owning the planted land area refused to cooperate despite the best efforts of the partner NGO to intervene. As a result, young trees were either cut down by poachers for fuel wood or were damaged by cattle. The CBO reports that they are now raising only approximately 300 trees of the original 4000, the return on which has not exceed the investment cost. The CBO estimates a 50% loss on investment in this venture.

The examination of the yearly fish harvest reveals that the total yield increased under CBO management. The conservation effort by the CBO also enhanced species diversity and richness in the water body. The CBO drained the *beel* only once (as per the lease term) during the 3-year leasing period; many other leaseholders breached this agreement, dewatering every year and negatively impacting to the diversity and growth of fish stocks. The CBO also reported the presence of fish species in their *beel*, which were thought to be extinct in the local ecosystem.



Figure 5. A fish sanctuary made with brush pile kata, and marked with red flags (indicating no fishing zone) within a *beel* by *Shapla* CBO.

5. Discussion: social entrepreneurs and learnings through NGO-CBO partnerships

CBOs working in concert with NGOs for natural resource management is a relatively new practice in the field of community-level development efforts. The findings of our study suggest that these CBOs typically emerge from local economic and social missions. Social missions concern the community or collective interests of the members, whereas the economic missions deal with the economic needs of the organization members and revenue generation for the organization's sustenance. There are embedded ecological missions within the economic and social ones, which have hardly been streamlined towards revenue generation by developmental mechanisms. It is the NGO-CBO partnership that leveraged those ecological missions of CBOs (e.g., swamp forest restoration, road-side plantation, conservation of fish habitat, organic cultivation, and others as evident from the cases).

The leveraged missions became goals, more specifically entrepreneurial goals, of CBOs that helped them generate revenue and thereby turned them into entrepreneurial entities. In all the studied cases, it was apparent that CBOs exhibited natural social entrepreneurship potential. With exploitation of that potential, the partner NGO helped to reinforce the capacities of CBOs for self-sufficiency. The NGO helped CBOs to access a range of services, such as endowment credit fund facilities for venture start-up, technical training on capacity building and skills development, innovation and knowledge transfer, and networking and cooperation, as indicated by Berkes [35] and Seixas and Berkes [36] regarding NGO-CBO partnership. All three initiatives sought answers to social problems by identifying and delivering new services and product to improve the quality of life at both individual and community levels—what the OECD [41] termed as welfare-oriented social value creation.

The degradation of swamp forests poses manifold threats to the lives and livelihoods of wetland communities. Case 1 (*Nishchintapur Shahpur* CBO) addressed this vital socioecological issue in the *haor* community. Usually, interventions by development programs for the restoration of such resources are time bound. More importantly, afforestation activities require long-term maintenance, which becomes uncertain upon project termination. By incorporating income generation as well as conservation mechanisms, the initiative has become a sustainable enterprise. The enterprise sustains itself financially through the sale of fuel wood, fodder, and grass and manages itself with appropriate operational and benefit sharing mechanisms. With this continuous care, swamp forests are thriving in the locality.

The diversified and innovative means of income generation by the group-run enterprise (Case 2) led the financial self-sufficiency of the community entrepreneurs and contributed to resource optimization in the society, which are the critical elements for community development [28]. The enterprise serves multiple social and ecological roles, including employment generation, creating income opportunities for women, offsetting greenhouse gases (GHG) and producing biogas as an alternative to fuel wood, and cultivation with manure to produce organic vegetables. It demonstrated how even four cows and a half-acre land can provide multiple benefits to the environment and society and enhance the health and livelihoods of the

entrepreneurs. This entrepreneurial model is crucial for responding to climate change and enhancing well-being in poor communities.

Social innovations by CBOs that integrate community development and entrepreneurial objectives can also fail in the face of unfavorable policy regimes and tenural intricacies of public institutions. The *Sahpla* CBO (Case 3) that ventured into *beel* leasing and plantation schemes was unsuccessful, as it failed to gain ownership of the planted trees. The CBO activities in managing the *beel* contributed to enhancing the aquatic resource base in the locality, as it introduced sustainable harvesting practices for fish resources. The tree plantation schemes, if sustained, could enrich the local biodiversity and help support the livelihoods of the CBO members. This case indicated that supportive public policies and institutional arrangements are crucial for social enterprise to succeed.

The aforesaid mixed results confirmed the assertion made by Berkes [19] that joint problem-solving and sharing of experiences and ideas through partnership help promote social learning. Building on the embedded social missions of CBOs, the observed partnerships helped grow and strengthen many social learning components. Community people learned from each other in ways that benefited wider socioecological systems [49]. In this study, we paid particular attention to group-centered social learning and found that community members are increasingly becoming capable of engaging with local natural resource management processes. It is also evident from the cases that a wide array of learning components are nurtured and significant learning is taking place out of the management process of local natural resources and the ecosystems. It validates the claim of Pahl-Wostl and Hare [50] that management and learning are linked through communication, perspective sharing, and the development of adaptive group strategies for problem solving. The study found the following social learning processes and outcomes are occurring from the NGO-CBO partnerships (**Table 4**).

Partnership outgrowth	Resultant process and practice	Social learnings and outcome
Institutionalization	Inspired and guided by NGOs, CBOs emerged as new institutions at the village level with socioeconomic missions Many of the members (~60%) gained formal institutional affiliation for the first time to deal with issues pertaining to their livelihoods and community well-being More than 65% of local women participated in meetings concerning local resource management and income generation for the first time	Grassroots institutional diversity and CBO as a platform for social learning Social inclusions and familiarity with social and ecological issues Women empowerment and promotion of gender viewpoints
Networking and linkages	The NGO facilitated the access of CBOs to government line agencies (e.g., fisheries, horticulture, veterinary medicine, agricultural extension, and others) The NGO also helped CBOs networking with organizations at horizontal and vertical levels deal with local developmental issues	Resource management capacity enhancement through knowledge and information from experts and professionals Knowledge sharing, view exchange, and increased awareness of local development
Organizational imperatives	Being a registered multipurpose cooperative, CBOs maintain yearly reporting procedures CBOs follow organizational by-laws and maintain records of meetings and resolutions	Accountability and organizational knowledge for the CBO members Continuous interactions and feedbacks and learning of organizational norms and practices

Partnership outgrowth	Resultant process and practice	Social learnings and outcome
Organizational venturing	CBOs planned and embarked on entrepreneurial ventures with the guidance and assistance of the NGO	Collective deliberation leading to social entrepreneurship to address social problems
	CBO members gained business management skills through training and practice	Venture operation and IGA skills; planning, organizing controlling, and leading skills and knowledge
Microcredit program	With endowment and revolving funds, CBOs run microcredit programs	Institutional lending and borrowing knowledge and skills
	Transactions, banking, and saving operations were accomplished successfully	Efficiency in handling financial affairs
Group operation	Group entrepreneurship, PICs, and plantation subcommittees worked cohesively	Team dynamics; group cohesiveness
	Division of labor, benefit sharing, and learning transmission took place among CBOs and its members	Participation, trust building, and transformative learning

Table 4. NGO-CBO partnership outgrowths and social learning components.

6. Conclusions

NGO-partnered CBOs have the potential to embark on entrepreneurial ventures that simultaneously generate income and address socioecological issues. With initial guidance and supports from NGOs, CBOs can enhance their abilities to take action to improve local natural resource bases—especially in areas of forestry, fisheries, and aggroresources. Streamlining the CBO operations towards income generation for long-term sustainability was the key to turn these organizations into social enterprises, meeting social needs and adding value to the society.

NGO-CBO partnerships bring about social innovation by diversifying the institutional goals of CBOs and building their capacities to pursue unique institutional goals in new and sustainable ways. The process also enables the NGO to pursue its own institutional mandate of adding value to society. In the past, NGOs typically delegated certain developmental responsibilities in shared roles to partnering CBOs within a project framework, therefore employing CBOs in a catalytic role for implementing development agendas at the local level. The transformation of CBOs into social enterprises has turned them into direct change-makers in the society rather than merely NGO operation catalyzers.

Social learning happens to be the most important spin-off of the NGO-CBO partnership process. The partnership generates a wide array of processes and components that enable the community members to learn in numerous ways—from actions, interactions, and examples. The social innovation school argues that social entrepreneurship creates new ways of responding to social problems. We extend this claim by arguing that NGO-CBO partnership-based social enterprises not only innovates to respond to social problems but also creates a platform for social learning. These social enterprises need institutional and policy supports to thrive, as they can play critical roles in ecosystems restoration and local natural resource management, especially in the developing countries.

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Social Enterprise Challenges

Employees' Safety from Psychological Violence in Social Enterprises: State Subsidies or Private Initiative?

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Additional information is available at the end of the chapter

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Abstract

This study analyses the range of problems of the enterprises that integrate disabled persons into the labour market, evaluating the capacity of their staff to deal with the emerging problems of employees' safety from psychological violence in the cultural context. Attention is drawn to the fact that social enterprises implementing governmental programmes for the employment of persons with disabilities are oriented only to the guarantees of the physical working conditions, but the issues of psychological safety, psychological well-being, and social exclusion are not dealt with. The latter questions are not discussed neither in the government programme nor in policies of the enterprises; therefore, they are dealt with depending on the established business management culture. The management personnel of companies with the status of social enterprises perceives the function of the enterprise as a certain niche in the market, receiving the state aid for the implemented requirements to employ disabled persons and adapt the physical environment for them. This approach highlights such side effects as unaddressed (suppressed) discriminatory attitude towards employees with disabilities in enterprises, organisational weakness in dealing with interpersonal conflicts, the lack of competence of the managerial staff and the lack of systematic knowledge on work with personnel. In this case, there is a debatable question of whether the efforts of the state will reach the desired goal, i.e. the fully-fledged work and social integration of the people who the investments are intended for, or continue the traditions of silent social segregation? This study shows that it is necessary to critically evaluate the selected model for fostering businesses to integrate into the labour market, in which the issues of psycho-social welfare and social initiative of enterprises are underestimated.

Keywords: social enterprise, psychological violence, employees' safety, psycho-social welfare, interpersonal conflicts, social integration

1. Introduction

Corporate social responsibility can be a promising strategy on the markets, the participants of which raise the question of responsibility actively. The word actively is emphasised in order to consider cultural differences as well. Even taking the processes of globalisation into account, we have to admit that both societies and markets are culturally different, as well as their participants, raising the questions of social responsibility differently. Moreover, in practice, the situation where the initiative arises “from the top,” that is, from the requirements formulated by the public authorities, is often encountered, and less frequently, when the public stakeholder groups formulate requirements on the basis of which they join the national policy and become an incentive for its change. On the example of the new member states of the European Union, we can observe the tendencies, when after signing international agreements the business vigorously takes advantage of opportunities and benefits provided by a new policy. It uses, but often ignores, the social groups which the programmes were designed for, as the social groups did not show any significant initiative for some reasons. The deeper problem sources of this context should be left to scholars analysing the processes that take place in the Central and Eastern European societies, focus on the product of social policy, identified as a *social enterprise*.

The aim of the research is to evaluate how the safety of employees from psychological violence is ensured after discussing the specifics of organisation of work with staff in social enterprises, which carry out the state-supported function of integration of socially vulnerable groups into the labour market.

We can choose: *firstly*, to adopt a liberal, but limited model of the social enterprise, which, for example, has been implemented by the government of Lithuania, or, *secondly*, to evaluate its consequences in the context of safety of employees by analysing specific examples and, *thirdly*, to outline new directions for the change after evaluation of weaknesses recorded. That is, after evaluation of the strengths and weaknesses of the model, we will have more knowledge on how it corresponds to the interests of socially vulnerable groups.

Thus, in order to propose changes in the policies of the social enterprises, firstly, it is necessary to review the processes taking place in the society, to discuss the basic principles of the functioning model and problems arising in practice, to identify the criteria of the concept of a social enterprise analysed in international discourse and compare with the chosen functioning model, to evaluate to what extent the proposed models meet criteria of psychosocial safety, to diagnose how the chosen functioning model meets the criteria of psychosocial safety.

2. Social policy that has increased social exclusion

Before starting to go deep into social policy that has increased social exclusion, we should overview the historical-social context in which the analysed model of the social enterprise was forming.

The problem of integration of persons with disabilities into the labour market in Lithuania was attempted to solve during the period of the Soviet Union, which lasted for about half a century.

The declared social equality had to solve drawbacks of capitalist societies, and funds were allocated generously for its implementation.

In the largest cities of the country housing estates of blocks of flats for people with disabilities were built, housing provided, infrastructure developed: health centres, nurseries, and kindergartens for children, schools for children with hearing and visual impairments, factories where people with disabilities also worked were set up.

A special infrastructure, providing access to shops, health care centres, and schools of the special housing estates, has been developed. The specific names were given to the housing estates, although positive, however, having a disability semantics, which was reflected even in the names of the streets (e. g. "Spindulio" ("Ray Street")) or public transport stops, for example, "Enterprise for the blind," "School for the deaf," etc. At the same time, work at home was widely implemented: in the districts far from the big cities persons with disabilities were provided with necessary facilities for work, the logistics of supplying raw materials and assembling the products was organised. Specialised libraries have been set up to meet the cultural needs, the "Houses of culture" have been established to organise events.

Inevitably, this policy has led to a distinctive social segregation, which was highlighted after the collapse of the Soviet regime and the transition to a market economy, which led to the bankruptcy of many of the enterprises for people with disabilities, the painful and stormy processes of restructuring, unemployment, and understanding of living a certain ghetto. Despite this, some companies set up after the restructuring retained their existence in significantly lower volumes. The infrastructure built in Soviet times has started to deteriorate, the work of people working remotely did not cover the expenses of logistics, so many had to live on social security. The developed residential estates and their residents became stigmatised.

With increasing social differentiation, stigmatisation of the artificially created housing estates and their population strengthened, the housing estates became the areas where the needy citizens lived. Even the real estate boom at the beginning of the first decade of the twenty-first century did not basically change these trends. Cheap housing area has attracted lower-income residents, whose solvency and ability to participate actively in the labour market remained problematic.

There is an ironic saying in the post-soviet society: *we wanted the best, but it turned out like always*. This saying also reflects the efforts to integrate socially vulnerable groups of the society, while these efforts turned into segregation, creating certain *ghettos*. Of course, the word ghetto sounds controversially in this context, but it reflects the realities and expectations of the people who left not only in the territorial, but also in social isolation and psychological self-isolation.

3. The model of a social enterprise and outcomes

Social integration is a significant ideological narrative of the European Union policy, which is treated liberally by members of the union. Over the past two decades, a number of crises of the concept of a social enterprise occurred in Lithuania. They strengthened doubts about the

chosen political direction but have not fostered any effective changes and came to nothing more than the statement of facts.

In order to understand the causes of these crises, firstly, the main criteria of a social enterprise legitimised in this state should be discussed.

The law on social enterprises of Lithuania (in reference [1]) adopted in 2004, defines a social enterprise as a legal person, which employs target groups of persons. The number of employees who are attributed to the target groups accounts for not less than 40% of the annual average number of the employees on the staff list. In addition, it is noted that the founding documents of the enterprise indicate the operating goals of this legal person relating to employment of the persons who are attributed to the target groups, development of their working and social skills as well as their social integration. The law distinguishes a social enterprise of the disabled – a social enterprise, in which the employees who are attributed to the target group of the disabled account for not less than 50% of the annual average number of employees on the staff list, of whom the disabled with Group I or Group II disability – for not less than 40% of the annual average number of employees on the staff list. It is also noted that a social enterprise of the disabled has all the rights and obligations of a social enterprise, but it can also receive additional aid from the State stated in this and other laws. It should be added that persons returning from imprisonment institutions also acquire a special status. Further, the law discusses the conditions of acquisition and loss of the special status of the enterprise, subsidies, control measures, etc.

Thus, the emphasis is on a mathematical ratio of employees of such enterprises to the employees who do not have the special status, as well as privileges granted by this law and other substatutory legal acts. The purpose of the law is to integrate socially vulnerable members of the society into the labour market, encouraging entrepreneurs by various tax advantages.

This has led to several scandals, when formally using the law, local corporations managed to avoid significant tax liability. In other words, the model strongly contributed to the growth of the financial capital at the expense of social capital.

Nevertheless, the model remained valid. That is, after fulfilment of the formal requirements in any field of economic activities, the right to tax advantages is gained and an additional competitive advantage, which is not additionally regulated in any way, is acquired. The rights and possibilities of vulnerable employees involved/participating in these processes remain undefined by clearer criteria. However, in this context, the pressure formed by the public opinion was highlighted.

This context will be discussed later as a significant factor, and for now, the results of recent research on social enterprises will be overviewed for a deeper understanding of the content of this problem.

4. The problems of social enterprises that deal with unemployment

The discussed model of a social enterprise, in the context of which the empirical research will be carried out, is the choice of one of several opportunities applied in different countries. The rise of the institute of a social enterprise is associated with solution of various social problems, both as a product of the social policy carried out by the state and as a naturally developing culture of corporate social responsibility.

As the aim of this research is not the analysis of different models, only a few generalised directions for the development of the concept of social enterprise and the related issues relevant to this research should be distinguished. Here work integration social enterprises will be focused more specifically.

Although the term social enterprise has not been an oxymoron for some time already, but the raising questions and discussion show that we do not have a clear and acceptable model for all, regardless of objectives of social sustainability and emphasised universal values. It is shown not only by the discussions of business, politicians, and representatives of social movements, but also by academic research that aims at emphasising and proving one or other aspects of the social business again and again. For example, Dees [2] has defined social entrepreneurship as a complex of innovative actions that solve social problems in essence by meeting certain social needs. However, there is always a question, to what extent and why a business (if we are talking not about the state capital enterprises) should be innovative and what fosters social innovation (in the broadest sense).

Despite the evidence that social business provides really tangible benefits by participating in discussions with employees, developing relationships with other stakeholders and at the same time achieving the competitive advantage (in [3, 4]), there often remains a strong attitude that the state or international institutions can significantly contribute to the promotion of social responsibility by programmes (in [5, 6]). On the other hand, these ideas, although not always publicly expressed, are quite popular even among liberal ideologists who fervently speak in favour of privatisation of the state functions. However, this means that the private business is supported by taxpayer funds and it is not always clear, if the market is distorted by providing a competitive advantage to some of its participants. While trying to solve the problem, Engelke et al. [7] suggest a strong anchoring of the concept to the welfare state indicating that social enterprise is a new organisational form that contributes to, but does not necessarily replace existing structures, calculation of social rate of return remains unclear. Rahman and Hussain [8] maintain that there is a need to expand the accounting base to non-financial measures. Social business and social enterprises do not have externally validated performance reports and there is no benchmark data to compare performance. Alter and Oppenheimer [9] generalise the problem by distinguishing two degrees of business integration: pure and hybrid. According to this approach, in the pure model, the business is used only as a tool to solve social problems, and the shareholders of the business do not get any profit, which is given to solve a certain social problem. The hybrid model attempts to adjust the decision of social problems by providing for the return of profits to shareholders of the enterprises. It can be said that this is a compromise between the pure model of social business, which is sometimes identified

with philanthropy, and a standard model of business. However, it only establishes the situation, but does not deal with the challenges to people who create and develop social enterprises.

Bull and Crompton's [10] social research results have shown that enterprises adopt varying practices, face many issues and, while many are beginning to make themselves more accountable in terms of their social value, there was little evidence to suggest that social enterprises were measuring their social impact beyond providing data that was sought by funders. On the other hand, the results of the research carried out by Hines [11] indicated that the current needs of social enterprises are not being met by the current provision for such organisations since such provision fails to address the strategic tension that exists between social and business purpose.

However, these and other studies show that it is not completely appropriate to analyse both positive and negative aspects of the functioning of social activities separately from the motives that led to undertake the business. This is particularly relevant when examining the problems of work integration social enterprises, as such enterprises, taking over certain functions of the state, use the subsidies and/or their other form—tax advantages. In **Table 1** below, the problematic aspects of activities of such enterprises revealing in the long term that have to be dealt with are presented taking the provided benefit into account.

Year	Giving sense	Context of the research	Problematic insights	References
2010	Reduction of unemployment and building social capital	Employment of people with physical and mental disabilities in Hong Kong, taking advantage of the experience of the European countries	Because of the emphasis on social goals, social enterprises tend to bear higher human resource costs associated with training and labour protection. Yet in the long run, with a view to operating as self-sustaining enterprises in a competitive market, they share the same pressures in the market as small and medium-sized commercial enterprises.	in reference [12]
2011	The success of social enterprises is measured on the basis of parameters of economic performance, social effectiveness and institutional legitimacy	The research was carried out in an Italian labour market integration social enterprise	It is proposed to implement a multidimensional management control system based on the criteria distinguished by the authors	in reference [13]
2013	It examines whether any potential link between	It is based on the data obtained in France	Results confirm the positive relationship between procedural	in reference [14]

Year	Giving sense	Context of the research	Problematic insights	References
	participation and commitment is due to social exchange, as is the case with for-profit companies.	from the enterprises, involved in integration into the labour market	justice and affective commitment and the mediating role of perceived organisational support and leader–member exchanges.	
2014	The ratio of the logic of the market and social services	It was investigated, how the logic of neo-liberal welfare, which is acceptable in the USA and Europe, gives sense to work integration social enterprises	This research demonstrates that when the work integration social enterprises are dominated by a market logic, they commodify their clients as production workers.	in reference [15]
2014	Suchman's taxonomy was used in the study	Swedish work integration social enterprises were researched in the context of care provision, empowerment and market forces	Work integration social enterprises tend to imitate profit-generating organisations in generating legitimacy. The study indicates that although short-term resource-generation can be facilitated, the replication of for-profit practices can create a tension with the concurrent aim of being an innovative and empowering enterprise for people who otherwise would be excluded from the labour market	in reference [16]
2015	Based on the theory of reciprocity, which has found success within economic theory but has not received the same attention from management disciplines or general social science studies	The activities of social cooperatives in Italy	The assumption that the non-profit sector can shift away from traditional fund-raising and obtain greater financial independence without losing its social mission is discussed. Given the behaviour of employees, such companies may be a model for for-profit organisations	in reference [17]

Source: prepared by J. Vveinhardt.

Table 1. Review of the recent studies: context and problem insights.

These examples briefly illustrate the fundamental problems of work integration social enterprises which are given our attention. However, the side effects related to relationships between the employees and the quality of these relations remain unresolved. Especially when we mean mixed type enterprises, which employ a part of people with special needs, at the same time also evaluating optimistic evidence that similar programmes contribute to enhancing social integration, psychological well-being, and develop social capital (e.g. in [12, 14]).

There is not a lot of knowledge on how the negative aspects still occurring in practice of social enterprises after solving the problems of unemployment of a part of socially excluded groups of people affect the psychological well-being and prevent the development of social capital. However, individual studies show that it is not enough to see social enterprises as merely an instrument to address social problems, or focus only on the social and economic reasons for the activity of such companies.

Some studies show that the selected field of solution of problems of unemployment and social integration when developing social enterprises has a number of dormant reefs. The latter also reveal significant problems of organisational culture, which are influenced by both internal and external factors. For example, Low and Chinnock [18] drew attention to the problems of management. According to the authors, the democratic model common in social enterprises can be subverted by powerful actors who wish to retain their positions regardless of the impact on the organisation. In addition, a significant gender disproportion in the management of such organisations was observed (in reference [19]).

Okunevičiūtė-Neveauskienė and Moskvina [20] note that social enterprises in Europe as part of the sheltered employment sector play an important role in the integration of vulnerable groups. However, at the regional and national levels, the economic activity and funding mechanisms of social enterprises should be consistent with the principles of economic competitiveness so as to avoid the discrimination of social enterprise employees and adverse consequences for the other entities of economy, which are beyond the supported employment sector. In another study Garrow and Hasenfeld [15] envisaged the danger that employee rights can be violated, as employees in such enterprises are rarely paid more than a minimum wage. Not only because the specifics of the business do not lead to greater profitability, but also due to the fact that there is a limited number of enterprises of the similar profile, which also limits the opportunities of natural movement and choice of the labour force. That is, the state-created system that aims to address the problems of social integration and unemployment, imprisons employees in this system in a certain way, and the solution of the problem of equal opportunities remains undecided. Limited possibilities of choice of work reveal even more problems, which result from the created system, and which are discussed by researchers in different countries. Social enterprises with a special status focus on the requirements of physical work safety, adjustment of the workplace for disabled persons provided for in the law, and give too little attention, effort to improvement of competence of managerial staff, as well to dealing with the problems of psychological violence and mobbing. Employees with disabilities face a higher risk of experiencing psychological violence at work.

The mere fact that a person with disability has a job, and he/she does not need major or minor additional support from the state, does not eliminate the problem of stigmatisation. The special

status of the enterprise differentiates employees of the enterprise from other enterprises operating in the market. The policy of the state and the limited choice of work reveal more internal and external difficulties, which result from the created system and which are discussed by researchers in different countries (e.g., in [21, 22]). Given that the effect of this policy was not always as great as expected (in [23, 24]), we have a reason to consider what kind of causes within organisations and the factors influenced from outside make obstacles for development of work integration social enterprises.

5. Research methodology and organisation of the research

When discussing the problems, the social enterprises face, we have distinguished the problems of relationships between employees. A semi-structured interview, the questions for which are prepared on the basis of scientific literature, was used for the research.

As the method of semi-structured interview was used, all of the informants were asked the same introductory questions. Additional questions were formulated during the process of the research, in order to clarify the answers and to develop the questions arising during the interview (Table 2).

Category	Introductory questions
Organisation of work with the staff	How are the processes of personnel management regulated in your company? How are the employees' functions and tasks defined in the company?
Competences of managerial staff	What are the requirements for the managerial staff in your company in terms of professional and personal characteristics? How is work with the staff organised? Who is responsible for it? How is the development of the managerial staff organised?
Management of relationships between the employees	How are interpersonal conflicts dealt with in your company (e.g., what are prevention and intervention measures, who is in charge of these issues)? What kinds of conflicts occur in the company? What are the consequences for the parties of the conflict?
Giving sense to the social objective of the enterprise	How is the idea of a safe working environment given sense when implementing the mission of your enterprise?
How the employees feel	What kind of violence have you experienced? How did you try to solve the problem? How did the management respond to your complaints? What decisions have been made (what were the consequences for you and for the offender)? How does your company deal with the issues of psychological violence (e.g., the official procedure, the rules)?

Source: prepared by J. Vveinhardt.

Table 2. Questions of the instrument.

The questions used in the interviews with the managerial staff and victims of inappropriate behaviour of colleagues (mobbing) have been grouped according to the categories, which are presented in Table 3.

Category	Description	Informants
Organisation of work with the staff	Regulation of processes, rules, documented standards and “non-documented agreements”	Managerial staff, victims
Competences of managerial staff	Culture of managerial staff and individual features, education, knowledge and development of the managerial staff	Managerial staff, victims
Management of relationships between the employees	Conflict resolution, the use of internal and external resources	Managerial staff, victims
Giving sense to the social objective of the enterprise	Mission of the organisation, understanding of the relationship between the official status of the enterprise and the employees’ expectations and implementation in the managerial activity of the enterprise	Managerial staff
How the employees feel	The nature of violence experienced, search for and consequences of conflict resolution	Victims

Source: prepared by J. Vveinhardt

Table 3. Categories of the questions of the interview.

The research was carried out in 2015 by conducting the interviews with four employees of the management of Lithuanian social enterprises and three employees with physical disabilities who have experienced psychological violence. All of the enterprises are engaged in industrial activities, have a special status of the social enterprise, and employ between 60 and 85% of people with physical disabilities. The total number of employees in the smallest enterprises during the research was 64, and the number of employees in the largest enterprises was 127, the annual income did not exceed 40 million Euros. That is, in accordance with the Lithuanian legal framework, the enterprises are attributable to the group of medium-sized enterprises. None of the enterprises represented by informants has a separate department for work with the staff, the function of working with the staff (selection, assessment of employees) is assigned to the informants: deputy directors (the code I1 and I4 is used to describe the research), the production director (I2), the director of commerce (I3). In other words, the informants belong to the middle management, except I4, who is the managing director. I4 represents the company, in which mobbing has not been recorded, thus, this enterprise can be identified as the control enterprise. Informants I1, I2, and I3 represented enterprises, where victims of psychological violence of co-workers worked (codes V1, V2, and V3).

Victims were distinguished during the pilot study that used Vveinhardt’s questionnaire [25], on the basis of the criterion formulated by Leymann (in [26, 27]) that a person who has been terrorised at least once a week and longer than for six months is considered to be a victim. The victims contacted the researcher themselves, in response to a proposal to participate in the interview put in the questionnaire.

6. Results of the research

Giving sense to the social objective of the enterprise. The mission of the organisation in enterprises which have the victims of destructive relationships between employees is perceived as providing work for disabled persons and the optimal adaptation of the physical working environment for them. For example, I2 and I3 stressed the formal actions of the enterprises to ensure the conditions for work and rest provided for by national legislation.

I2: *"We are a social enterprise. Most of our employees are disabled. We signed a contract with the national labour exchange and have a plan for social inclusion, and receive certain exemptions due to this. We are also committed to adjusting workplaces for people with disabilities."*

I3: *"Our enterprise invests in good conditions for work and rest. At the end of the year, the projected annual budget is allocated and more or less based on the surveying it is decided what they want most this year, and then the amount of money is allocated to the various measures."*

The informant has stressed that a lot of attention is given to work safety; however, when asked to clarify how the employees are protected from psycho-social stressors, the informant said, *"Clean, orderly premises, comfortable workplaces, wages paid on time. We don't require impossible things, I think it is very important to the proper microclimate and wellbeing, but you know, we employ such people ... they are often dissatisfied with everything..."*.

A broader understanding of the social responsibility of business is characteristic of the attitudes of the fourth enterprise.

I4: *"It is a certain niche, where both business and the state and specific people win. While others live on benefits, they want to work, but not the workplaces are most important. We understand that, so we organise events, celebrations to our employees and members of their families, support the local community, which also involves our employees. We don't have the standard of a socially responsible company, but we are trying to be socially responsible. <...> Sometimes there are conflicts between employees, we invited a psychologist, maybe it helped a little."*

After the analysis and summarising the answers of the managerial staff, the trends that have been highlighted under five categories of the management policy are presented in **Table 4**, comparing the enterprises, where the victims were found, and the enterprises where this fact has not been established.

Category	Enterprises that had the affected persons	Control enterprise
Organisation of work with the staff	The functions and responsibilities of the employees are defined formally, but in practice they are freely interpreted by managers.	The functions and responsibilities of the employees are defined; formal provisions are complied with.
Competences of managerial staff	Orientation to the competencies related to the improvement of production and sales, improvement of competence related to the expense of the managers	Orientation to competencies related to the improvement of production and sales, the organisation invests in the training of employees

Category	Enterprises that had the affected persons	Control enterprise
Management of relationships between the employees	Formal decisions, without going deep into the causes, prevention is not given prominence, internal sources are used when resolving conflicts, the head of the company holds himself/herself aloof from resolution of relationships between employees	There is no preventive system, the external assistance is used in response to the events, the head of the enterprise partly holds himself/herself aloof from resolution of relationships between employees
Giving sense to the social objective of the enterprise	Social enterprise is perceived as a type of business, focussing on the requirements of the legislation	Social responsibility is perceived as a part of the company's image, not narrowing it to the laws

Source: prepared by J. Vveinhardt.

Table 4. Trends of management and social policies of social enterprises.

Competencies of managerial staff. Firstly, the requirements for the managers raised during the recruitment have been evaluated. Informants (I1, I2, and I3) specified that their job was related to selection and assessment of employees, providing proposals of recommendatory nature. And only I4 makes decisions to hire or fire employees. In all enterprises work with the documents related to the personnel, management of work-related records, monitoring of laws, etc. are delegated to the administrator of the company (I3) or employees of the finance department (I1 and I2).

According to I2, *"This is a common practice, because it is too expensive for a small company to have a specialist, who will not have any work most of the time."*

I4 noted that a personnel management specialist was employed, but additionally he performed the work of a book-keeper. I4: *"There are not a lot of matters related to personnel management: to prepare some documents, reports, supervise that we react to the changed laws on time <...> No, it's not the specific character of social enterprises, many of the small and medium enterprises work in this way, as it is too expensive to keep a separate personnel department. <...> we just delegate some functions to other employees."*

Education of I4 is an economist, I1 and I2 are technologists, and I3 earned a master's degree in Marketing at university.

From the answers of I1–I3, the following key points should be distinguished at the stage of their own recruitment: higher education, knowledge of the subject (i.e., organisation of production, technology, and commerce), work experience.

Their competencies of work with staff were not evaluated, making the job conversation limited to questions of general interest about the Labour Code (I2 and I3), Law on Social Enterprises, motivating employees (I1, I2, I3), additionally (in the case of I3) distinguishing conflict management. When recruiting managers, the focus was on their knowledge and skills related to the production and sales.

It is partially summarised in I3's answers: *"They basically look what your education is, how many years you worked, what your practical experience is. <...> When going to the interview, I had a look at the law and the company's website, therefore, I have answered the questions about social enterprises. <...> I think that my experience in the field of marketing made a greater impression. <...> My knowledge of personnel management? There was a psychology course at university, I got some knowledge when learning management, and everything else is personal experience ..."*

The informants reported they were interested in innovations in the management science; however, the responses show that the understanding of improvement is associated more with technological processes rather than with personnel management issues. The expectations for professionals had an informal expression, associated with the development of personal competence in a particular field of activity (production, technology, sales), and the questions of personal culture, leadership style were not discussed and were left for the interpretation of the executives.

According to I1, *"It is important to achieve a good result. And it is your private business how it is done."* The enterprises represented by the informants did not have any specific training programmes and were oriented to the development of the informants at their expense, except I4, where personal initiatives are only supported partially: *"We trust the motivation of our professionals, if they want, we let them go on training courses. <...> Management of psychosocial stress and employees' relationships? <...> For the meantime we deal with the issues of production of new products, but if such questions also occurred, perhaps we would allocate resources for training"*.

Organisation of work with the staff. Managers have job descriptions. However, the descriptions are not always followed.

I3: *"Descriptions are here, life is there. We work what is needed at the time. Everything can't be fit in a job description."* I4 considers that every manager *"must know the documentation in depth"*.

However, the informant was unable to ensure that ordinary employees are well aware of their own job descriptions: *"They exist, but as usual, many people sign anything without actually reading it first. We have people with different disabilities who work here, therefore, we have higher requirements for work safety and sometimes we remind the instructions."*

The responses of I1, I2, and I3 coincided: the employee's duties and key requirements are briefly provided in employment contracts or in the annexes to them. There is an assumption that it is enough to explain the duties and responsibilities to the employees verbally.

Feedback from the subordinates is not clear. I3: *"We give the employees the plans for the next six months or a year, say, what we're going to do..."* I2: *"The decisions are communicated orally, we only inform about penalties in writing. <...> If a decision made has an influence on an employee, he/she shall be informed personally."*

In the informants' enterprises, there is no clear policy on the extent to which the employees should be informed about the overall situation of the company.

I3: *"There are different theories on this issue, but it is unusual to speak about the situation of a company with employees in Lithuania. Supposedly, the unfavourable information will cause disorders within the company, reach customers and competitors."*

Management of relationships between the employees. When recruiting ordinary employees, occupational documents (when hiring people without disabilities), and medical records, as well as decisions on the degree of incapacity (for those with a disability) are followed. Psychological and personal qualities are basically not taken into account.

I4: *“Our duty is to employ people with disabilities. Of course, maybe their ability to work with other people should be evaluated, maybe their place of work should be chosen according to it, but we do not have such staffing professionals. <...> Usually the specialists of the departments where there is a vacant position participate in selection of employees.”*

The responses of informants about the management of relationships between the employees revealed the following problem areas: for the employees, who had suffered from long social exclusion, it is more difficult to establish social relationships with co-workers, they are more sensitive to comments and criticism, conflicts occur both between employees with disabilities and between employees with disabilities and employees without disabilities, the management approach to employees with disabilities and employees without disabilities is different.

I2: *“They are people with special needs, we often evaluate them more leniently, of course, employees without disabilities do not always like it, so I would say there is a certain tension.”* None of the enterprises has approved standards of ethical relationships, they follow the general rules of good conduct, they do not have any approved protocol of conflict resolution, there are no conflict prevention programmes, internal resources are used to resolve conflicts. It is explained by the fact that *“the enterprise is small, so everybody knows everyone”* (I1), *“there would be too much paperwork, bureaucracy”* (I2), *“there should be prevention, but the director thinks otherwise”* (I3). Conflict resolution is in principle entrusted to direct managers. I4 argues, *“They know their employees best, so they can go into the situation deeper. When they fail, they bring me reports, explanations, and then we try to deal with it. <...> There weren’t a lot of cases they would not cope. <...> We have invited a psychologist, but it didn’t really help.”*

Conflicts are dealt with formally, ordering to provide written explanations, in exceptional cases, the immediate superiors and the colleagues who saw the conflict are questioned. Decisions of the executives have a decisive influence, and the explanations of longer-serving employees are more appreciable. The informants identified the following sources of conflicts: dissatisfaction with the work tasks, decisions of the management, wage size and differences in wages, different personal psychological properties. The signs of tolerating social ostracism were observable.

I2: *“There are some impracticable people <...>, but those who work for a longer time often solve the problems by themselves. Complicated people come to work with us, those who are the odd ones in the team, they quit themselves”.*

The most common outcomes of the conflict are a verbal warning, financial punishment, dismissal. Informants identified the lack of their competence in dealing with conflicts, but in the short term, they did not plan to enhance the competence in this area. None of the informants knew what mobbing or social ostracism are. They attributed the identified features solely to employees’ interpersonal relationships, without attributing the responsibility to the organisation.

Well-being of employees(victims)and the nature of violence experienced. The experiences of the employees (victims) who suffered from psychological violence reported during the interviews are summarised and provided in **Table 5**. When characterising the experiences in accordance with the nature, they were grouped into four categories, which outline the nature of the attack, the search for solution in accordance with personal competence, the response of the management to the conflict, and the consequences for the victim of violence and the bully.

Characteristics	Experiences		
	V1	V2	V3
Nature of violence	Negative opinion is formed behind the back, permanent work and personal criticism, co-workers and the head of the branch are involved	Taunting, offensive jokes, backbiting, negative colleagues' and managers' opinion is formed	Taunting, verbal bullying, backbiting
Personal search for the solution of the conflict	Efforts to negotiate with the abuser, talked to a lawyer who made a claim to the enterprise	Tried to appeal to the abuser's feelings, to clarify the causes, lodged a complaint to the immediate superior	Contacted the immediate superior
Solutions of the management	Constant complaints left without response, the management has responded to the legal document, the person who terrorised was warned in writing about the impending financial sanctions	Verbal warning to both, they threatened that if they don't find the solution, both will be dismissed from work	The executive tried to mediate, offered the victim to go to a psychologist
Consequences for the victim	Direct attacks stopped, feels unpleasant glimpses, the manager avoids contacts, feels social isolation, psychological discomfort	Sense of social isolation, left the job because of worsening health	Harassment became more intense, the victim was called a "sneak", it has reinforced a negative opinion
Consequences for the bully	Oral and written warnings about the impending penalty, was moved to another department, harasser is considered a victim	Was warned orally, but the pressure has not stopped, it has become more sophisticated	Oral warning, the effect is short-term, harassment continues

Characteristics	Experiences		
	V1	V2	V3
Well-being of the victim	Feels helpless, does not know the way out	Feels helpless, is afraid that will occur again in the new workplace	Feels helpless, does not know the way out, feel socially excluded
Possibility to deal with the problem using the organisational system	Unknown, followed personal competence	Unknown, followed personal competence	The rules are known, but they are ineffective in practice

Source: prepared by J. Vveinhardt

Table 5. Experiences and solutions of victims of violence.

According to V2, *“My lawyer called what was happening to me the discrimination from the management and warned that it would be impossible to prove it in the court, because my colleagues refused to talk. <...> I have found another job <...> not in a social enterprise”*.

It should be noted that, firstly, the victims who had suffered as a result of violence have remained the victims after trying to solve the problem and, secondly, did not have knowledge on the available opportunities to deal with the problem using the internal resources of the organisations; thirdly, they did not receive effective aid from the management. Only one of the victims sought legal aid, other victims did not consider this option.

7. Discussion

Many recent studies focus on the value problems of organisations of the ratio between profit maximisation and philanthropic activities, economic freedom and responsibility for social tasks (in [28–30]; etc.), as well as legal regulation (in [29]). Enterprises, which on their own initiative and/or supported by the governmental plan deal with the issues of integration of socially vulnerable members of the public into the labour market and the society, hold a special place in this context. Such work integration social enterprises, according to Garrow and Hasenfeld [15], must balance between two conflicting institutional logics: market and social services. Nevertheless, Agafanow [30] draws attention to the fact that scientific literature on social enterprise is at an impasse, moreover, there remains plenty of controversy and uncertainty, what can be considered a social enterprise and what are the essential features of such an enterprise (in [31]). In the discourse of social enterprises developed in the scientific literature which is focusing on the solution of a wide range of relevant social and environmental issues, little attention remains to the relations between the employees and the negative individual and social consequences resulting from psychological violence, which occurs in different forms (in [32–35]). The more so as the social enterprises themselves in the management of their own internal processes face relevant to the society problems, occurring as, for instance, unequal

treatment of its members, etc. (in [19]), which is particularly relevant in addressing the issue of integration of socially vulnerable groups of the society into the labour market in the social enterprise. Thus, there is a real danger that the aims of the social enterprise will not be achieved or will be achieved only partially. In addition, underestimation of protection of employees from psychological violence raises the questions of how widely and properly social responsibility is perceived as a value in the company.

8. Conclusions

After discussing the specifics of organisation of work with staff in social enterprises, which carry out the state-supported function of integration of socially vulnerable groups into the labour market, this research evaluated how the safety of employees from psychological violence was ensured. In various studies, the attention is drawn to the fact that interpersonal employees' conflicts, which are not always effectively dealt with, occur in the enterprises implementing social missions.

In the scope of this study, interviews with four representatives of the management personnel and with three employees of social enterprises who experienced psychological violence were conducted. The research was carried out in private equity companies that have the official status of a social enterprise provided by the state, which carry out the function of integration of the disabled representatives of the society into the labour market, being subsidised by the state in various forms. The results of the research showed that the state investment in involvement of the stigmatised members of the public in the labour market and in the promotion of socialisation cannot be limited to physical provision of the place of work and adaptation of the workplace to the individual needs, while ignoring the factors of psychological comfort which depend on the management culture of the organisation. The formal status of a social enterprise granted by the state may be perceived and is treated in practice of activities of companies as a specific business niche, without forming the values of the social enterprise, stemming from the perception of social responsibility, which fosters a wide range of social innovation.

The situation identified during the research is determined by the established culture of business, organisation of work with the staff, which in fact is not changed by the provided special status of the social enterprise, and current special requirements provided by the government. Formal requirements of adaptation of physical working environment for persons with disabilities do not solve and cannot solve the issues of psychological safety and indirect discrimination of employees, and can cause additional traumas resulting from social exclusion and psychological pressure in employees' relationships. However, considering that the enterprises consistently follow the requirements of the adaptation of the workplace for people with special needs and the requirements of social integration, governmental psychosocial workplace safety programmes could serve as a partial solution to the problem.

That is, when giving the official status of the social enterprise, additional objectives to organise psycho-social work safety could be provided for in addition to the existing requirements of adjustment of the workplace for people with disabilities, social integration, and physical work

safety. After defining and elaborating the concept of psychological violence in work environment at the level of the government, social enterprises should be obliged to supplement their programmes by the mechanisms of protection of employees from psychological violence. These mechanisms should be implemented in individual programmes of prevention and intervention of violence of enterprises. Taking into account the differences in competence of the managerial staff of the enterprise, methodological support at the level of the government should be provided as well.

But this would not basically solve the existing problem of social integration. Other studies should evaluate the conditions of transformation of the state initiative into private socially responsible initiatives.

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Corporate Credibility, Religion and Customer Support Intention toward Social Enterprises

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Abstract

Social enterprise (SE) outputs are not merely a result of the social entrepreneur's personal vision, but an accumulation of resources and support from multiple stakeholders, particularly customers. Although marketing communication studies have long established the effects of corporate credibility on consumer attitudes and behaviors, it is worth noting that corporate credibility comprises three distinct dimensions, namely trustworthiness, expertise and dynamism, which do not necessarily have equal levels of influence on the endogenous variables. Additionally, from a social entrepreneurship perspective, the relationship between corporate credibility and consumer psychology requires a deeper inspection because of the role of religion in charitable and care-giving activities. Most religions stress the importance of spirituality, which may override their concern with the business aspects of the SE. In other words, for religious customers, it is likely that trustworthiness has a higher influence on their attitudes and support intention than expertise and dynamism. These conceptual relationships among corporate credibility, religion and consumer psychology in social entrepreneurship are elaborated in this article through a literature review, followed by the development of a theoretical framework and its associated propositions. The article concludes with some implications for SE governance, distinguishing societies with different religious backgrounds.

Keywords: corporate credibility, customer support intention, moderating effect, religion, Social Enterprises

1. Introduction

A social enterprise (SE) is distinguished primarily by its social purpose and exists in multiple and varied organizational forms [1–5]. According to Dees [6], social entrepreneurship bridges

the old culture of charity and the modern culture of entrepreneurial problem-solving. SEs do not engage in charity in the traditional, alms-giving sense but transform traditional charity, such as monetary donations from their supporters, into sustainable improvements. Although there are criticisms over the value of donations and fundraising in social entrepreneurship [7], in reality many SEs rely on donor contributions, at least in the initial phase of the venture, as they enable the social entrepreneur to carry the required enthusiasm and necessary capital to the table [8]. In social entrepreneurship, donors can be defined as customers [9, 10] because of the financial transactions involved between them and the SE. Based on this definition, SE customers are distinguished from its beneficiaries, who are the ultimate users of its final products and services.

Newth [11] argued that the outputs of a SE are not merely a result of the entrepreneur's personal vision, but an accumulation of resources and support from multiple stakeholders, particularly customers. Despite the importance of stakeholder support as a driver of social entrepreneurship growth [12–16], little is known about the determinants of customer support intention in the social entrepreneurship context. Although marketing communication research has long established the effects of corporate credibility on consumer attitudes and behaviors [17–20], from the perspective of social entrepreneurship, this relationship requires a deeper inspection because there are differences between conventional profit-oriented businesses and SEs that may affect differently the psychology of their customers.

Due to the role of religion in charitable and care-giving activities [21–23], several dimensions of religion are proposed in the current study as additional variables that are expected to influence customer support for SEs. By considering the potential effects of religious affiliation, religiosity and religious values on the relationship between corporate credibility and consumer psychology in the context of social entrepreneurship, the study extends past applications of trust theory in SE consumer behavior research. The conceptual relationships among corporate credibility, religion and consumer psychology are forwarded here through a critical review of related literatures, followed by the development of a theoretical framework and its associated propositions. The article concludes with some implications for SE governance, distinguishing societies with different religious backgrounds.

2. Literature Review

2.1 Trust and credibility

Known as *ethos* in ancient Greek, trust is commonly referred to as credibility in contemporary marketing literatures [24, 25]. Credibility can be defined as the extent to which a source of communication is trusted by a listener or an audience [19]. It is related to the general trust theory since both trust and credibility refer to elements of honesty, reliability and authenticity in the communication process [24]. Considered as one of the biggest challenges in leadership effort, credibility is about getting people to trust the source, believe the message and in turn support the cause [26]. Therefore, it is often included as one of several specific competencies in communication that should be mastered by businesses.

Since communication sources can be either individuals or organizations, scholars have distinguished between the two and investigated separately the credibility effect of each source on customer support. In this study, the focus is on organizational or corporate credibility because SEs are collective efforts that cannot succeed without sound organizational management. Corporate credibility has long been cited in marketing literature to have an influence on customer support, mediated by its effect on customer attitude to corporate advertisement and brand [17–19, 27].

Similar to conventional business entrepreneurs, a social entrepreneur too engages in a process of continuous learning, adaptation and innovation which involves uncertainties and risks of failure [28]. In social entrepreneurship, stakeholder trust is particularly important because the financial risks of the venture are often borne not only by the entrepreneur but also by external supporters such as the government and donors. Credibility plays a critical role especially in the initial stage of the venture, tapping the necessary resources and building the required network to fulfill the social mission [13–15, 29].

The overall relationship between corporate credibility and customer support intention has been forwarded in many studies [30–34]. However it is worth noting that corporate credibility comprises three distinct dimensions, namely trustworthiness, expertise and dynamism [24, 35–38], which do not necessarily have equal levels of influence on customer support intention. Each of these dimensions of corporate credibility is defined below.

1. Trustworthiness - describes the extent to which an enterprise can be relied upon; honesty, confidence and believability are some of the terms used interchangeably to define the trustworthiness dimension.
2. Expertise - represents the competence and capability of a firm in making and delivering its products/services; also measures its past experience within a particular industry, or serving the needs of a particular market.
3. Dynamism - measures the active-ness (versus passive-ness) of a source's communication behavior; also describes a firm's proactiveness in its outreach efforts; audience reaction is influenced through images of vibrant personalities.

Conceptually, depending on their social and individual characteristics, customers may emphasize the importance of one specific dimension over the others, which in turn affects their intention to support social entrepreneurship. For example, religious societies tend to stress the importance of spiritual qualities such as sincerity, honesty and faith [39–41], which may override their concern with the more material aspects of the SE such as technical skills, experience and entrepreneurial drive. In other words, for religious customers, it is likely that SE trustworthiness has a higher influence on their support intention than its expertise and dynamism. On the other hand, non-religious customers are expected to be influenced more by expertise and dynamism than trustworthiness.

To allow for a greater understanding of the potential effects of religion on customer support for social entrepreneurship, a review of the role of religion in entrepreneurship and consumer psychology is needed. This topic is discussed as follows.

2.2 Religion, entrepreneurship, and consumer psychology

Consistent with a multidimensional model of religion, this article adopts Schmidt et al.'s [41] definition of religion as systems of meaning embodied in a pattern of life, a community of faith, and a worldview that articulate a view of the sacred and of what ultimately matters. Studies of the role of religion in entrepreneurship have mainly revolved around its effects on entrepreneurial attitude and consumer behavior [21, 42–46]. According to Dodd and Seaman [47], religion can affect a believer's entrepreneurial tendencies, choice of business activities, management style and networking. In the field of consumer behavior, previous studies have largely focused on the topic of segmentation, which involves dividing the market into segments based on religious affiliation or level of religiosity, and serving those segments differently [48]. Examples would include avoiding marketing pork products to Jews or Muslims due to kosher and halal religious laws [49, 50]. Religion has also been found to affect consumer information-seeking behavior, attitude to innovation, and brand loyalty [51–55]. However, as noted by Mathras et al. [56], studies of the effects of religion on consumer psychology and behavior are still scattered and unsystematic, and much more remains to be discovered and explained.

With regard to social entrepreneurship, religion stresses on caring and giving virtues as well as a community spirit which align very well with the objective of creating positive social changes through business activities. Audretsch et al. [21] examined the role of religion in entrepreneurship in India and found that Hinduism inhibits the entrepreneurial spirit as a result of its caste system. However the dharma philosophy is supportive of social entrepreneurship due to its emphasis on material prosperity, stability and happiness for all members of society. Dharma has inspired Hindu entrepreneurs to establish businesses that can reduce social problems [22]. Poverty eradication is also stressed in Christianity, which explains the success of SEs such as Oxfam and Christian Aid. Social entrepreneurship reflects the Christian thought that concern for the poor is the main indicator of righteousness, which God will reward in the afterlife [22].

Similarly in Islam, entrepreneurship is encouraged as a strategy for solving social problems [23]. For example, Islam views poverty as a social ill that should be addressed by the community through collective efforts to develop the economy [39, 57–59]; [22]. The call for social entrepreneurship among Muslims is documented in the following verses of the Quran:

That which ye lay out for profit (and self-preservation) will have no increase with Allah: But that which ye lay out for others, seeking the countenance of Allah (will increase): it is these which will get a reward multiplied. (30:39)

and

[Are] men whom neither commerce nor sale distracts from the remembrance of Allah and performance of prayer and giving of *zakah* (tithe). They fear a Day in which their hearts and eyes will be in turmoil. (24:37)

Based on Islamic teachings, wealth should be distributed evenly via *zakah*, *waqaf*, *infaq* and *saddaqaqah* mechanisms, as elaborated below.

1. Zakah: Tithe or an obligatory tax paid to the state which represents the pillar of a formal economic system for equitable wealth redistribution, to combat poverty and other social ills [58, 59]. It began as a form of social security that later developed into a global and complex system of charitable institutions and foundations [59].
2. Waqaf: Voluntary and permanent donation of fixed assets such as land and buildings to support long-term socio-economic growth [22, 39, 57]. Managed by the state or formally registered organizations, waqaf has evolved into a successful Islamic social entrepreneurship agenda as it encourages the use of business skills and innovations to provide social services especially in the areas of education and health [57].
3. Infaq: Donation of money or other types of resources for specific religious activities, such as building mosques and religious schools, to be managed by formal organizations. It is ruled as sunnah or highly recommended [60].
4. Saddaqaqah: Financial donations or any form of charitable activities performed spontaneously and voluntarily without any time or quantity limits [60]. The recipient can be any individual and organization, formal or informal.

The above studies indicate that religion may be a much more significant topic in social entrepreneurship than conventional business research. At the same time, they also suggest that religion emphasizes the importance of the SE spiritual traits (e.g., sincerity, honesty, and genuineness) more than its business characteristics (e.g., entrepreneurial experience, skills, and competitiveness). How this is expected to influence customer support intention toward SEs is described in the next section.

3. Conceptual Framework and Propositions

Since there is a dearth of research on marketing communication and consumer behavior in the context of social entrepreneurship, the subsequent hypotheses are developed based on related studies in the profit business environment. They are deemed adaptable to the current article based on the premise that conventional business theories and practices are also applicable to SEs [6, 12, 14, 29].

3.1 Effect of corporate credibility on customer attitude and support intention

Fombrun [36] defined organizational reputation as the perceptual representation of a company's collective actions and prospects, past and future - an aggregate of many personal judgments of the company that affects its ability to attract and retain customers. Within the broad area of corporate reputation, credibility has been identified as possibly the most outstanding element, comprising the trustworthiness, expertise and dynamism dimensions [37].

Information exposed in a marketing communication will be processed mentally by consumers through both central and peripheral routes [17, 61]. Firms with a higher credibility will be in a better position to have their advertising claims accepted by consumers since they are judged,

through the peripheral routes, to have the necessary expertise and accountability to back those claims [18]. Simultaneously, through the central routes, consumers' existing perceptions of a firm will also influence their assessment of its brand [27]. These propositions can be adapted to social entrepreneurship as follows:

Proposition 1: SE corporate credibility is positively and directly related to customer ad attitude.

Proposition 2: SE corporate credibility is positively and directly related to customer brand attitude.

Studies suggest that organizational credibility is a valuable asset of the company as it directly affects relationship commitment and customer loyalty [62]. Fombrun [36] posited that corporate credibility improves customer intention to purchase because perceptions of the expertise and trustworthiness of a company are part of the information used to judge the quality of its product. Subsequently, even in situations where brand attributes are lacking in the ad, corporate credibility can still directly give consumers a higher confidence in the firm and increase their willingness to purchase the products [19]. Extending this to SEs, the following hypothesis is therefore proposed:

Proposition 3: SE corporate credibility is positively and directly related to customer support intention.

The effect of ad attitude on brand attitude has been studied by a number of conventional business scholars [20, 63–67]. Lutz et al. [68] argued that convincing ads will create a communication effect that leads to customers trying the brand or reinforcing existing brand attitudes. The action basically reflects the chain of cognitive, affective and conative dimensions of attitude [68, 69]. Ad attitude influences brand attitude because of its impact on brand cognition [70]. Applying the same principle to social entrepreneurship, it is hypothesized that:

Proposition 4: Customer attitude toward the SE ad is positively and directly related to their brand attitude.

Mehta [71] and Mehta and Purvis [72] proposed a direct link between customer ad attitude and purchase intention. An effective advertising communication is one that can break through noise and gain customer attention. Clear information delivered through the ad will result in a positive customer attitude toward the ad and increase purchase intention [72]. For SEs, it is therefore proposed that:

Proposition 5: Customer attitude toward the SE ad is positively and directly related to their support intention.

According to Allan [73], branding is all about getting consumers to look further than the basic offer of quality and price. The concept of brand is important to SEs as it can help them reach a wider audience of concerned consumers. Together with ad attitude, attitude toward the brand has also been shown to have a significant impact on purchase intention [19, 65, 66]. Additionally, Biehal et al. [74] found that brand attitude can be formed during a previous purchase which determines the likelihood of future purchases. In other words, brand attitude

can significantly improve purchase intention when consumers see the brand as a highly satisfactory choice based on a previous experience. These propositions can be adopted for the current study since it deals with existing customers who can evaluate the SE brand based on their previous experiences with the firm. The following hypothesis is hence developed:

Proposition 6: Customer attitude toward the SE brand is positively and directly related to their support intention.

3.2 Effect of customer attitude on the relationship between corporate credibility and customer support intention

Petty et al. [17] suggested that customer ad attitude mediates the relationship between source credibility and purchase intention. While the source can directly reach out to customers, its direct access to customers is nevertheless limited and advertising is normally used to improve communication. Effective advertising can serve as a bridge between the endorser and customers. Hence a positive ad attitude will enhance the effect of credibility on customer support intention. This proposition has found evidence in several other studies [19, 68, 75]. Thus, the following hypothesis is developed:

Proposition 7: Customer ad attitude mediates the relationship between SE corporate credibility and support intention.

While ad attitude affects customers via peripheral routes of communication, brand attitude does it through the central routes [17, 61, 72]. Subsequently, scholars have posited brand attitude as a mediating variable between ad attitude and purchase intention [19, 63, 65, 76]. Based on a study by MacAdams [76], the influence of ad attitude on purchase intention cannot be studied in isolation from brand attitude as effective ads typically contain sufficient information that strengthens the brand, which in turn affects support intention. In view of this:

Proposition 8: Customer brand attitude mediates the relationship between their ad attitude and support intention.

Finally, although corporate credibility can have a direct effect on customer purchase intention, its role is usually amplified by the indirect effect of brand loyalty because loyalty signifies a long-term commitment to the firm and the customer's intention to make repeat purchases [19, 65, 66, 74]. Hence brand attitude is usually expected to mediate the effect of corporate credibility on customer purchase intention. This argument can be extended to the social entrepreneurship context as follows:

Proposition 9: Customer brand attitude mediates the relationship between SE corporate credibility and support intention.

3.3 Effects of religion on customer attitudes/support intention

As a construct, religion comprises multiple dimensions, with the main ones being religious affiliation, religiosity and religious values [56]. Religious affiliation denotes the particular faith that the individual relates to [e.g., Islam, Christianity, Buddhism, and Hinduism] while

religiosity measures the extent to which one observes his/her religious obligations [e.g., how strictly a Muslim abstains from alcohol and pork]. On the other hand, religious values sum up the fundamental beliefs and philosophies of religion such as charity, spirituality, righteousness, patience, goodwill, faith, and hope.

Some of the effects of religious affiliation and religiosity on consumer psychology have been described earlier in the literature review section, which include customers' perception of the firm's image and the messages that it tries to communicate, as well as their brand loyalty and choice of products and services [51–55]. To illustrate the point within the context of ad and brand attitudes, the following examples are given. For Muslim consumers, high religiosity is usually related to a low tolerance for sexually explicit ads and a strict requirement for halal brands, which in turn affect their intention to purchase the products. In a similar vein, religious Buddhists may tend to support vegetarian ads and brands, whereas religious Hindus reject beef consumption.

Extending this argument to the social entrepreneurship environment, the same direct relationships are expected. For example, a SE advertising and supplying free condoms to unmarried couples will not be welcomed by religious Muslims since Islam rejects sexual promiscuity. Based on the above, the following propositions can be forwarded.

Proposition 10: Religious affiliation and religiosity directly affect customer attitude to the SE ad.

Proposition 11: Religious affiliation and religiosity directly affect customer attitude to the SE brand.

Contrary to religious affiliation and religiosity, religious values have not received equal attention in past studies, thus presenting a knowledge gap which is taken up in this article. Although fundamental differences exist among them, most religions are unified by spiritual values such as sincerity, righteousness, generosity, patience, and goodwill [40, 41]. To a certain extent, the strong emphasis on spiritual wellbeing will possibly subdue the believer's concern with more material aspects of life, including business skills, entrepreneurial drive and competitiveness. This may explain why religious societies very often have lower economic growth [77].

Considering the three dimensions of corporate credibility, one is able to draw analogy between trustworthiness and spiritual strength, whereas expertise and dynamism can be equated to materialism. It is thus reasonable to predict that consumers with stronger religious values are more likely than those with weaker religious values to prioritize SE trustworthiness over its expertise and dynamism, and vice versa. In turn, the customers' varying priorities will affect their attitude to the SE ad and brand, as well as their intention to support it. The following proposition represents these expected relationships:

Proposition 12: Religious values moderate the effect of corporate credibility on SE customer attitude and support intention.

All 12 propositions forwarded above are captured in Figure 1:

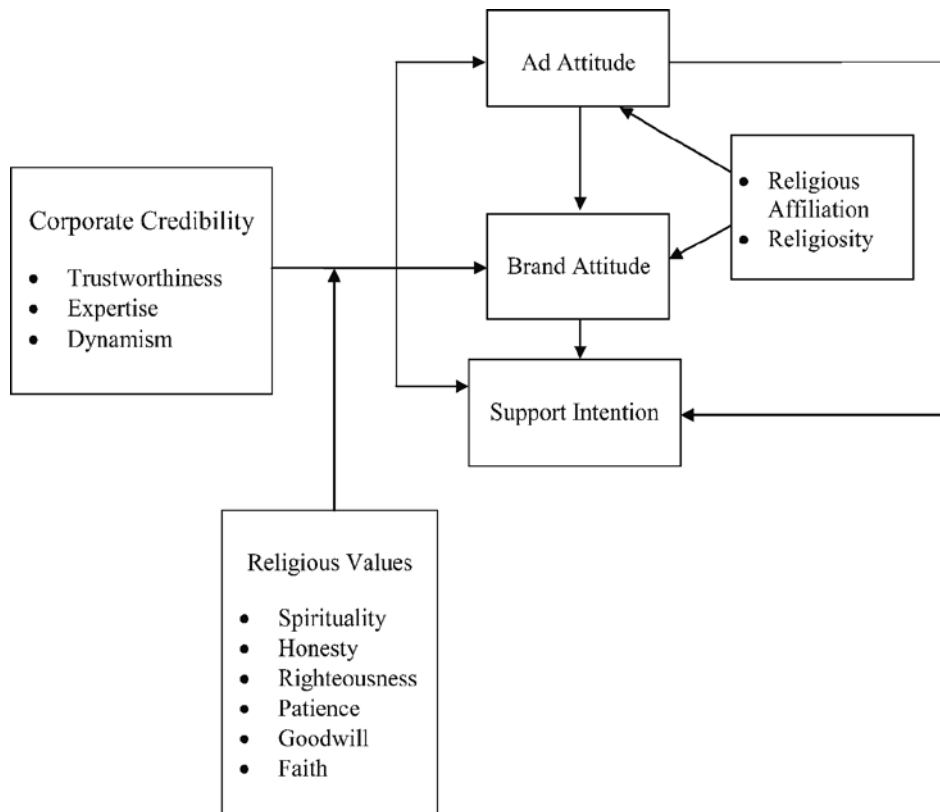


Figure 1. The proposed framework.

4. Implications and Conclusion

This study is a conceptual exploration of the determinants of customer support intention toward SEs. Based on a review of literature in marketing communication, consumer psychology and social entrepreneurship, initially a basic framework was derived depicting the direct and indirect effects of corporate credibility on customer support intention. Further, three constructs of religion were introduced to the framework.

In the resulting discourse, religious affiliation and religiosity are proposed to affect customer support intention indirectly, and the role of religious values is likely influenced by the multiple constructs of corporate credibility. While the effects of religious affiliation and religiosity on customer support intention have been well researched in conventional business literature [21, 42, 45, 46, 78, 79], religious values are an emerging construct of religion, which have received scarce attention in the past [56]. This knowledge gap is taken up in the current study by conceptualizing religious values as spiritual virtues including honesty, righteousness, patience, goodwill and faith, and analyzing the potential relationship between them and each

of the three dimensions of corporate credibility. The article forwards the proposition that customers with stronger religious values tend to support SEs with high trustworthiness even if they score low on the expertise and dynamism scales. On the other hand, customers with weaker religious values are expected to prefer SEs with higher scores of expertise and dynamism than trustworthiness. Thus religious values are predicted to have a moderating effect on the relationship between corporate credibility and the endogenous variables.

The above proposition brings with it an implication that religious customers can be very trusting and are therefore more susceptible to exploitation than non-religious customers. This unquestioning attitude of religious societies may explain why they are often associated with low economic growth [77]. However, the article is in no way calling for a reduced role of religion in society; rather, due to its emphasis on charity, spirituality and social equality [21, 22, 39, 57, 58], religion should be embraced as a way of life that can provide solutions to various social ills. The argument forwarded here is that, for social entrepreneurship to work in religious societies, there must be better enforcement of corporate governance regulations by the government and local authorities than what is required in non-religious societies. Since the government and its agencies are often themselves key donors or customers of SEs, clear separation of powers is needed to distinguish between the donor function and enforcement function within the government. From an enforcement point of view, SEs should be treated as normal enterprises that require formal registration and monitoring, particularly in relation to the management of donations to achieve their social goals. In return for good governance, the firms can be considered for government aids such as grants and tax exemptions which will help to further enhance their development.

The theoretical framework generated in this article can serve as a platform for future empirical investigations of SE customer support intention. Their findings are expected to contribute to increased understanding of social entrepreneurship development in multiple settings, drawing diverse lessons for societies with different values and backgrounds. Hence, despite the universality of the concepts of social entrepreneurship, marketing communication and consumer behavior, the article underlines the importance of context in research and will hopefully spur more comparison studies across nations, societies and cultures.

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This book is an original, high-quality, research-level work. It sheds lights on the similarities and differences of social enterprise practices across the international scene. Most of the chapters include empirical findings derived from researches conducted by the authors in Middle East and North Africa, East and West Europe, Southeast Asia, and Latin America. From this perspective the book fills an important knowledge gap while also making a contribution to sorting out the competing and contrasting predictions of social enterprise. Through exploring context-dependent dynamics in a global perspective, the authors address potential opportunities and benefits of social enterprise that may help to find solutions to face emerging social needs. Written by leading academics, this book will be of interest not only to students and academics of social enterprise and entrepreneurship but also to those international practitioners who are looking for new approaches for sustainably tackling emerging social challenges.

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