**Project number:** 2020-1-BG01-KA226-VET-095173 www.ikse.eu info@ikse.eu

## INTELLECTUAL OUTPUT 3

**Piloting the System:**

**4 Drivers for Social Entrepreneurship Key Competencies**

***Advanced Training for Social Entrepreneurs***

# MODULE 1:

# The Social Enterprise and the Social Entrepreneur

# KEY COMPETENCIES AND THE PROFILE OF A SOCIAL ENTREPRENEUR

Project number: 2020-1-BG01-KA226-VET-095173 www.ikse.eu info@ikse.eu

## What a social enterprise is?

There are several academic, institutional, encyclopaedic and derived from the entrepreneurial experience definitions of **SOCIAL ENTERPRISE.**

Below you can find some examples:

A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities. *(European Commission's Social Business Initiative (SEC(2011) 1278)*

An organization that applies commercial strategies to maximize improvements in human and environmental well-being ; this may include maximizing social impact rather than profits for external shareholders. The enterprise can be structured as a for-profit or non-profit and may take the form (depending in which country the entity exists and the legal forms available) of a co-operative, mutual organization, a disregarded entity, a social business, a benefit corporation, a community interest company or a charity organization (*Wikipedia*)

The **Social Enterprise World Forum (SEWF)** highlights five main characteristics of a social enterprise:
1. Mission focused
2. Surplus/profits invested into the mission
3. Ownership tied to the mission
4. Transparency in business practices
5. Primary income is through trading goods/services

Any definition of the term "social entrepreneurship" must start with the word "entrepreneurship." The word "social" simply modifies entrepreneurship. If entrepreneurship doesn't have a clear meaning, then modifying it with social won't accomplish much, either.
The word entrepreneurship is a mixed blessing. On the positive side, it connotes a special, innate ability to sense and act on opportunity, combining out-of-the-box thinking with a unique brand of determination to create or bring about something new to the world.

On the negative side, entrepreneurship is an ex post term, because entrepreneurial activities require a passage of time before their true impact is evident.
(Stanford Social Innovation Review By Roger L. Martin & Sally Osberg )

Social enterprises combine societal goals with an entrepreneurial spirit.
These organisations focus on achieving wider social, environmental or community objectives.
(EU – Internal Market, Industry, Entrepreneurship and SMEs)

The European Commission aims to create a favourable financial, administrative and legal environment for these enterprises so that they can operate on an equal footing with other types of enterprises in the same sector.
The Social Business Initiative, launched in 2011 identified actions to make a real difference and improve the situation on the ground for social enterprises.
A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.
**The Commission uses the term 'social enterprise' to cover the following types of business**

- Those for who the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation
- Those whose profits are mainly reinvested to achieve this social objective
- Those where the method of organisation or the ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice

There is no single legal form for social enterprises. Many social enterprises operate in the form of social cooperatives, some are registered as private companies limited by guarantee, some are mutual, and a lot of them are non-profit-distributing organisations like provident societies, associations, voluntary organisations, charities or foundations.

**Despite their diversity, social enterprises mainly operate in the following 4 fields**

- **Work integration** - training and integration of people with disabilities and unemployed people
- **Personal social services** - health, well-being and medical care, professional training, education, health services, childcare services, services for elderly people, or aid for disadvantaged people
- **Local development of disadvantaged areas** - social enterprises in remote rural areas, neighbourhood development/rehabilitation schemes in urban areas, development aid and development cooperation with third countries
- **Other** - including recycling, environmental protection, sports, arts, culture or historical preservation, science, research and innovation, consumer protection and amateur sports

The first comprehensive report funded by EU is: A map of social enterprises and their eco-systems in Europe (2015)

The most relevant and recent document funded by EU about Social Enterprise in Europe is:
Social enterprises and their ecosystems in Europe – Comparative synthesis report
Manuscript completed in January 2020
Recommended citation: European Commission (2020) Social enterprises and their ecosystems in Europe. Comparative synthesis report. Authors: Carlo Borzaga, Giulia Galera, Barbara Franchini, Stefania Chiomento, Rocío Nogales and Chiara Carini. Luxembourg: Publications Office of the European Union.
The characteristics of social enterprises differ a lot from country to country concerning their number, size, legal forms and fields of activities. To create a clearer picture, the Commission has carried out a

series of studies, mapping the reality of social enterprises in the 35 European countries using a common definition and approach.
This EU level synthesis report collates and interprets the key findings from country reports and draws a European picture of social enterprises and the environments in which they operate, the "ecosystems". The report brings together a comprehensive picture of different country traditions, salient trends and key challenges across Europe.
The separate country reports provide key data on social enterprises and their eco-systems, including factors constraining their development.

Action Plan to boost Social Economy
The European Commission has presented (09.12.2021) an Action Plan to help the European social economy thrive, tapping into its economic and job-creation potential, as well as its contribution to a fair and inclusive recovery, and the green and digital transitions.
Social economy organisations are entities which put **social and** environmental purposes first, reinvesting most of their profit back into the organisation. There are 2.8 million social economy entities in Europe that employ 13.6 million people and which offer solutions to key challenges in our societies. They span a diverse range of sectors and forms, from care services to recycling; from cooperatives to social enterprises.
Enhanced support to the social economy not only creates jobs, but also allows organisations to increase their social impact across the EU. Today's Social Economy Action Plan smooths the way for social economy organisations to prosper and grow.
The Commission proposes to act in three areas:
1. Creating the right conditions for the social economy to thrive
Policy and legal frameworks are key in creating the right environment for the social economy to thrive. This includes taxation, public procurement and State aid frameworks that have to be adapted to the needs of the social economy.
To address these issues, the Commission will propose a Council Recommendation on developing the social economy framework conditions in 2023. It will also publish guidance for Member States on **taxation** frameworks for social economy organisations and facilitate easier access to guidance on **State aid**. The Action Plan also aims to improve good practice on socially responsible **public procurement** and promote the targeting of the social economy outside EU borders.
2. Opening opportunities for social economy organisations to start up and scale up
Social economy entities should benefit from business development support to start up and develop, as well as to reskill and upskill their workers. For 2021-2027, the Commission is aiming to increase its support beyond the estimated €2.5 billion allocated to the social economy previously (2014-2020).
Among other actions, the Commission will launch a new **EU Social Economy Gateway** in 2023 to ensure social economy actors can find all the information they need in one place on EU funding, policies, training and initiatives. It will also launch new financial products in 2022 under the InvestEU programme and improve access to funding. In 2022, the Commission has set up a **European Competence Centre for Social Innovation**.
With a transnational cooperation platform https://ec.europa.eu/european-social-fund-plus/en/transnational-cooperation-platform

Project number: 2020-1-BG01-KA226-VET-095173 www.ikse.eu info@ikse.eu

**3. Making sure the social economy and its potential are recognised**

The Action Plan aims to make the social economy more visible and improve the recognition of its work and potential. The Commission will carry out communication activities emphasising the role and specificities of the social economy.

Furthermore, the Commission will launch a **study** to collect qualitative and quantitative data to better understand the social economy across the EU. It will also organise **training courses** for public officials on various topics with relevance for the social economy, promote the social economy at regional and local levels by fostering cross-border exchanges, and much more.

With today's Action Plan, the Commission is also launching a "transition pathway" to help the green and digital transitions of the social economy in dialogue with public authorities and interested parties. The Commission seeks public views on the transition pathway through an EU survey open until 28 February 2022.

Project number: 2020-1-BG01-KA226-VET-095173 www.ikse.eu info@ikse.eu

Social Entrepreneur describes an individual who conceives of, and relentlessly pursues, a new idea designed to solve societal problems on a very wide scale by changing the systems that undergird the problems. This definition includes two critical components.

- First, the entrepreneur must seek to create **impact on a wide societal scale**; he or she will not rest until the new idea has been broadly adopted at the national and even international level.
- Second, the entrepreneur must seek **systemic change**, defined as the fundamental reform of existing societal systems and/or the creation of new ones. -Levinger, Crutchfield and Wells.

Social entrepreneurs are individuals with innovative solutions to society's most pressing social, cultural, and environmental challenges. Social entrepreneurs are individuals with innovative solutions to society's most pressing social, cultural, and environmental challenges. Social entrepreneurs are ambitious and persistent — tackling major issues and offering new ideas for systems-level change. They model changemaking behavior, and catalyze organizations and movements where everyone can be changemaker.

"Social entrepreneurs are the essential corrective force. They are system-changing entrepreneurs. And from deep within they, and therefore their work, are committed to the good of all."
(Ashoka founder and CEO Bill Drayton)

**Entrepreneurial Characteristics** (from Stanford Social Innovation Review)

The entrepreneur is attracted to this suboptimal equilibrium, seeing embedded in it an opportunity to provide a new solution, product, service, or process. The reason that the entrepreneur sees this condition as an opportunity to create something new, while so many others see it as an inconvenience to be tolerated, stems from the unique set of personal characteristics he or she brings to the situation – inspiration, creativity, direct action, courage, and fortitude. These characteristics are fundamental to the process of innovation.

The entrepreneur is *inspired* to alter the unpleasant equilibrium. Entrepreneurs might be motivated to do this because they are frustrated users or because they empathize with frustrated users. Sometimes entrepreneurs are so gripped by the opportunity to change things that they possess a burning desire to demolish the status quo. In the case of eBay, the frustrated user was Omidyar's girlfriend, who collected Pez dispensers.

The entrepreneur thinks *creatively* and develops a new solution that dramatically breaks with the existing one. The entrepreneur doesn't try to optimize the current system with minor adjustments, but instead finds a wholly new way of approaching the problem. Omidyar and Skoll didn't develop a better way to promote garage sales. Jobs and Wozniak didn't develop algorithms to speed custom software development. And Smith didn't invent a way to make the handoffs between courier companies and common carriers more efficient and error-free. Each found a completely new and utterly creative solution to the problem at hand.

Project number: 2020-1-BG01-KA226-VET-095173 www.ikse.eu info@ikse.eu

Once inspired by the opportunity and in possession of a creative solution, the entrepreneur takes *direct action*. Rather than waiting for someone else to intervene or trying to convince somebody else to solve the problem, the entrepreneur takes direct action by creating a new product or service and the venture to advance it.
Jobs and Wozniak didn't campaign against mainframes or encourage users to rise up and overthrow the IT department; they invented a personal computer that allowed users to free themselves from the mainframe.
Moore didn't publish a book telling mothers how to get more done in less time; she developed the Snugli, a frameless front- or backpack that enables parents to carry their babies and still have both hands free. Of course, entrepreneurs do have to influence others: first investors, even if just friends and family; then teammates and employees, to come work with them; and finally customers, to buy into their ideas and their innovations.
The point is to differentiate the entrepreneur's engagement in direct action from other indirect and supportive actions.
Entrepreneurs demonstrate *courage* throughout the process of innovation, bearing the burden of risk and staring failure squarely if not repeatedly in the face.
This often requires entrepreneurs to take big risks and do things that others think are unwise, or even undoable.
For example, Smith had to convince himself and the world that it made sense to acquire a fleet of jets and build a gigantic airport and sorting center in Memphis, in order to provide next-day delivery without the package ever leaving FedEx's possession. He did this at a time when all of his entrenched competitors had only fleets of trucks for local pickup and delivery – they certainly didn't run airports and maintain huge numbers of aircraft.

Finally, entrepreneurs possess the *fortitude* to drive their creative solutions through to fruition and market adoption. No entrepreneurial venture proceeds without setbacks or unexpected turns, and the entrepreneur needs to be able to find creative ways around the barriers and challenges that arise.
Smith had to figure out how to keep investors confident that FedEx would eventually achieve the requisite scale to pay for the huge fixed infrastructure of trucks, planes, airport, and IT systems required for the new model he was creating.
FedEx had to survive hundreds of millions of dollars of losses before it reached a cash-flow positive state, and without a committed entrepreneur at the helm, the company would have been liquidated well before that point.

**Entrepreneurial Outcome**

What happens when an entrepreneur successfully brings his or her personal characteristics to bear on a suboptimal equilibrium? He or she creates a new stable equilibrium, one that provides a meaningfully higher level of satisfaction for the participants in the system. To elaborate on Say's original insight, the entrepreneur engineers a permanent shift from a lower-quality equilibrium to a higher-quality one. The new equilibrium is permanent because it first survives and then stabilizes, even though some aspects of the original equilibrium may persist (e.g., expensive and less-efficient courier systems, garage sales, and the like). Its survival and success ultimately move beyond the entrepreneur and the original

entrepreneurial venture. It is through mass-market adoption, significant levels of imitation, and the creation of an ecosystem around and within the new equilibrium that it first stabilizes and then securely persists.
When Jobs and Wozniak created the personal computer they didn't simply attenuate the users' dependence on the mainframe – they shattered it, shifting control from the "glass house" to the desktop.
Once the users saw the new equilibrium appearing before their eyes, they embraced not only Apple but also the many competitors who leaped into the fray. In relatively short order, the founders had created an entire ecosystem with numerous hardware, software, and peripheral suppliers; distribution channels and value-added resellers; PC magazines; trade shows; and so on.
Because of this new ecosystem, Apple could have exited from the market within a few years without destabilizing it.
The new equilibrium, in other words, did not depend on the creation of a single venture, in this case Apple, but on the appropriation and replication of the model and the spawning of a host of other related businesses.
In Schumpeterian terms, the combined effect firmly established a new computing order and rendered the old mainframe-based system obsolete.
In the case of Omidyar and Skoll, the creation of eBay provided a superior way for buyers and sellers to connect, creating a higher equilibrium.
Entire new ways of doing business and new businesses sprang up to create a powerful ecosystem that simply couldn't be disassembled. Similarly, Smith created a new world of package delivery that raised standards, changed business practices, spawned new competitors, and even created a new verb: "to FedEx."
In each case, the delta between the quality of the old equilibrium and the new one was huge. The new equilibrium quickly became self-sustaining, and the initial entrepreneurial venture spawned numerous imitators. Together these outcomes ensured that everyone who benefited secured the higher ground.

**Shift to Social Entrepreneurship**

If these are the key components of entrepreneurship, what distinguishes social entrepreneurship from its for-profit cousin?
First, we believe that the most useful and informative way to define social entrepreneurship is to establish its congruence with entrepreneurship, seeing social entrepreneurship as grounded in these same three elements.
Anything else is confusing and unhelpful.

To understand what differentiates the two sets of entrepreneurs from one another, it is important to dispel the notion that the difference can be ascribed simply to motivation – with entrepreneurs spurred on by money and social entrepreneurs driven by altruism.
The truth is that entrepreneurs are rarely motivated by the prospect of financial gain, because the odds of making lots of money are clearly stacked against them. Instead, both the entrepreneur and the social entrepreneur are strongly motivated by the opportunity they identify, pursuing that vision relentlessly, and deriving considerable psychic reward from the process of realizing their ideas.

Project number: 2020-1-BG01-KA226-VET-095173 www.ikse.eu info@ikse.eu

Regardless of whether they operate within a market or a not-for-profit context, most entrepreneurs are never fully compensated for the time, risk, effort, and capital that they pour into their venture.

We believe that the critical distinction between entrepreneurship and social entrepreneurship lies in the value proposition itself.
For the entrepreneur, the value proposition anticipates and is organized to serve markets that can comfortably afford the new product or service, and is thus designed to create financial profit.
From the outset, the expectation is that the entrepreneur and his or her investors will derive some personal financial gain.
Profit is sine qua non, essential to any venture's sustainability and the means to its ultimate end in the form of large-scale market adoption and ultimately a new equilibrium.

The social entrepreneur, however, neither anticipates nor organizes to create substantial financial profit for his or her investors – philanthropic and government organizations for the most part – or for himself or herself. Instead, the social entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large.

Unlike the entrepreneurial value proposition that assumes a market that can pay for the innovation, and may even provide substantial upside for investors, the social entrepreneur's value proposition targets an underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own.
This does not mean that social entrepreneurs as a hard-and-fast rule shun profitmaking value propositions. Ventures created by social entrepreneurs can certainly generate income, and they can be organized as either not-for- profits or for-profits.
What distinguishes social entrepreneurship is the primacy of social benefit: the pursuit of "mission-related impact."

We define social entrepreneurship as having the following three components:
(1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own;
(2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; and
(3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.

Muhammad Yunus, founder of the Grameen Bank and father of microcredit, provides a classic example of social entrepreneurship.
The stable but unfortunate equilibrium he identified consisted of poor Bangladeshis' limited options for securing even the tiniest amounts of credit.
Unable to qualify for loans through the formal banking system, they could borrow only by accepting exorbitant interest rates from local moneylenders.

More commonly, they simply succumbed to begging on the streets. Here was a stable equilibrium of the most unfortunate sort, one that perpetuated and even exacerbated Bangladesh's endemic poverty and the misery arising from it.
Yunus confronted the system, proving that the poor were extremely good credit risks by lending the now famous sum of $27 from his own pocket to 42 women from the village of Jobra.
The women repaid all of the loan. Yunus found that with even tiny amounts of capital, women invested in their own capacity for generating income.
With a sewing machine, for example, women could tailor garments, earning enough to pay back the loan, buy food, educate their children, and lift themselves up from poverty. Grameen Bank sustained itself by charging interest on its loans and then recycling the capital to help other women.
Yunus brought inspiration, creativity, direct action, courage, and fortitude to his venture, proved its viability, and over two decades spawned a global network of other organizations that replicated or adapted his model to other countries and cultures, firmly establishing microcredit as a worldwide industry.

The well-known actor, director, and producer Robert Redford offers a less familiar but also illustrative case of social entrepreneurship.
In the early 1980s, Redford stepped back from his successful career to reclaim space in the film industry for artists.
Redford was struck by a set of opposing forces in play.
He identified an inherently oppressive but stable equilibrium in the way Hollywood worked, with its business model increasingly driven by financial interests, its productions gravitating to flashy, frequently violent blockbusters, and its studio-dominated system becoming more and more centralized in controlling the way films were financed, produced, and distributed.
At the same time, he noted that new technology was emerging – less cumbersome and less expensive video and digital editing equipment – that gave filmmakers the tools they needed to exert more control over their work.
Seeing opportunity, Redford seized the chance to nurture this new breed of artist.
First, he created the Sundance Institute to take "money out of the picture" and provide young filmmakers with space and support for developing their ideas.
Next, he created the Sundance Film Festival to showcase independent filmmakers' work.
From the beginning, Redford's value proposition focused on the emerging independent filmmaker whose talents were neither recognized nor served by the market stranglehold of the Hollywood studio system.
Redford structured Sundance Institute as a nonprofit corporation, tapping his network of directors, actors, writers, and others to contribute their experience as volunteer mentors to fledgling filmmakers.
He priced the Sundance
Film Festival so that it appealed and was accessible to a broad audience. Twenty-five years later, Sundance is credited with ushering in the independent film movement, which today ensures that "indie" filmmakers can get their work produced and distributed, and that filmgoers have access to a whole host of options – from thought-provoking documentaries to edgy international work and playful animations.

A new equilibrium, which even a decade ago felt tenuous, is now firmly established.
Victoria Hale is an example of a social entrepreneur whose venture is still in its early stages and for whom our criteria apply *ex ante*.

Project number: 2020-1-BG01-KA226-VET-095173 www.ikse.eu info@ikse.eu

Hale is a pharmaceutical scientist who became increasingly frustrated by the market forces dominating her industry. Although big pharmaceutical companies held patents for drugs capable of curing any number of infectious diseases, the drugs went undeveloped for a simple reason: The populations most in need of the drugs were unable to afford them.
Driven by the exigency of generating financial profits for its shareholders, the pharmaceutical industry was focusing on creating and marketing drugs for diseases afflicting the well-off, living mostly in developed world markets, who could pay for them.
Hale became determined to challenge this stable equilibrium, which she saw as unjust and intolerable.

She created the Institute for OneWorld Health, the first nonprofit pharmaceutical company whose mission is to ensure that drugs targeting infectious diseases in the developing world get to the people who need them, regardless of their ability to pay for the drugs.
Hale's venture has now moved beyond the proof-of-concept stage. It successfully developed, tested, and secured Indian government regulatory approval for its first drug, paromomycin, which provides a cost-effective cure for visceral leishmaniasis, a disease that kills more than 200,000 people each year.
Although it is too early to tell whether Hale will succeed in creating a new equilibrium that assures more equitable treatment of diseases afflicting the poor, she clearly meets the criteria of a social entrepreneur.
First, Hale has identified a stable but unjust equilibrium in the pharmaceutical industry; second, she has seen and seized the opportunity to intervene, applying inspiration, creativity, direct action, and courage in launching a new venture to provide options for a disadvantaged population; and third, she is demonstrating fortitude in proving the potential of her model with an early success.
Time will tell whether Hale's innovation inspires others to replicate her efforts, or whether the Institute for OneWorld Health itself achieves the scale necessary to bring about that permanent equilibrium shift. But the signs are promising. Looking ahead a decade or more, her investors – the Skoll Foundation is one – can imagine the day when Hale's Institute for OneWorld Health will have created a new pharmaceutical paradigm, one with the same enduring social benefits apparent in the now firmly established microcredit and independent film industries.

**Boundaries of Social Entrepreneurship**

In defining social entrepreneurship, it is also important to establish boundaries and provide examples of activities that may be highly meritorious but do not fit our definition. Failing to identify boundaries would leave the term social entrepreneurship so wide open as to be essentially meaningless.
There are two primary forms of socially valuable activity that we believe need to be distinguished from social entrepreneurship.
The first type of social venture is social service provision. In this case, a courageous and committed individual identifies an unfortunate stable equilibrium – AIDS orphans in Africa, for example – and sets up a program to address it – for example, a school for the children to ensure that they are cared for and educated. The new school would certainly help the children it serves and may very well enable some of them to break free from poverty and transform their lives.
But unless it is designed to achieve large scale or is so compelling as to launch legions of imitators and replicators, it is not likely to lead to a new superior equilibrium.

These types of social service ventures never break out of their limited frame:
Their impact remains constrained, their service area stays confined to a local population, and their scope is determined by whatever resources they are able to attract.
These ventures are inherently vulnerable, which may mean disruption or loss of service to the populations they serve. Millions of such organizations exist around the world – well intended, noble in purpose, and frequently exemplary in execution – but they should not be confused with social entrepreneurship.
It would be possible to reformulate a school for AIDS orphans as social entrepreneurship. But that would require a plan by which the school itself would spawn an entire network of schools and secure the basis for its ongoing support.
The outcome would be a stable new equilibrium whereby even if one school closed, there would be a robust system in place through which AIDS orphans would routinely receive an education.
The difference between the two types of ventures – one social entrepreneurship and the other social service – isn't in the initial entrepreneurial contexts or in many of the personal characteristics of the founders, but rather in the outcomes.
Imagine that Andrew Carnegie had built only one library rather than conceiving the public library system that today serves untold millions of American citizens. Carnegie's single library would have clearly benefited the community it served.
But it was his vision of an entire system of libraries creating a permanent new equilibrium – one ensuring access to information and knowledge for all the nation's citizens – that anchors his reputation as a social entrepreneur.

A second class of social venture is social activism.
In this case, the motivator of the activity is the same – an unfortunate and stable equilibrium. And several aspects of the actor's characteristics are the same – inspiration, creativity, courage, and fortitude. What is different is the nature of the actor's action orientation. Instead of taking direct action, as the social entrepreneur would, the social activist attempts to create change through indirect action, by influencing others – governments, NGOs, consumers, workers, etc. – to take action.
Social activists may or may not create ventures or organizations to advance the changes they seek. Successful activism can yield substantial improvements to existing systems and even result in a new equilibrium, but the strategic nature of the action is distinct in its emphasis on influence rather than on direct action.

Why not call these people social entrepreneurs?
It wouldn't be a tragedy. But such people have long had a name and an exalted tradition: the tradition of Martin Luther King, Mahatma Gandhi, and Vaclav Havel.
They are social activists. Calling them something entirely new – i.e., social entrepreneurs – and thereby confusing the general public, who already know what a social activist is, would not be helpful to the cause of either social activists or social entrepreneurs.

(Stanford Social Innovation Review By Roger L. Martin & Sally Osberg)
Social enterprises are not easy businesses to run.
The challenge of retaining financial stability while utilizing commercial practices to actively develop social impact brings unique leadership and management challenges.

Project number: 2020-1-BG01-KA226-VET-095173 www.ikse.eu info@ikse.eu

The role of a social entrepreneur is a good starting point to explore the ins and outs of running a social business.
The challenge of retaining financial stability while utilizing commercial practices to actively develop social impact brings unique leadership and management challenges.

Numerous researchers have explored the traits, models and theories that shed light on a social entrepreneur's role as a social business leader. On the one hand, social entrepreneurs should lead with vision and guidance and constantly reiterate the importance of institutionalizing social value.

On the other hand, as the day-to-day running of a social enterprise is based on sound business management principles, they have to master market competitiveness and risk-taking to ensure the commercial viability of the business.

This contribution – which is the product of collaborative action research with a number of stakeholders across the globe – aims to explore and address the complexity of leadership within a social business environment, where creating social value is driven by market competitiveness and the organization strives to survive through independent financial sustainability.

The role of a social entrepreneur may be split into three core themes: societal leadership, strategic organizational management and personal leadership.
Each of the three roles brings unique challenges and considerations for the social business leader. The roles should not be seen separately, but as a whole.

A 'good' social entrepreneur therefore strives to combine practices and personal qualities that address each role optimally.

1. Societal leadership

   Societal leadership is concerned with the social entrepreneur's core commitment to bringing about socio-political change and how this commitment consequently shapes his or her relationship with various social actors.

A social entrepreneur can create a sense of shared commitment and co-ownership by embedding the social objective within the hearts of relevant social actors. By practising societal leadership, social entrepreneurs are able to foster active citizen involvement and positively impact the rate and reach of their social vision. Societal leadership is about the ability to co-create and the ability to share commitment by nurturing and adopting various leadership styles including steward leadership, transformational leadership, servant leadership and responsible leadership.

2. Business management: translating vision into action

In a social business, a distinction may be made between the social entrepreneur's role as a mission-driven leader and his or her role at the strategic management level.
The latter is about the social entrepreneur's responsibility to form business strategies that will uphold the organization's social vision.
The importance of good leadership practice is a crucial element in social business management.
Vision-led strategies must be institutionalized in the culture and structure of a social business to prevent the social business from drifting away from its social mission.
To achieve this, the emphasis needs to be placed on exploring and adapting skills and traits as found within the theories of servant and steward leadership.
It is important to emphasise the social entrepreneur's role as a leader who is able to constantly realign strategic choices made at the commercial level with the organization's social vision, while effectively utilizing its social capital to this end.

2. Personal leadership: self-awareness and self-development

The social entrepreneur is the heart of a social business. Personal leadership, in this context, is about the social entrepreneur's ability to drive forward the social objective, advocate the cause, with a people's approach to doing business whilst simultaneously achieving and preserving financial sustainability. It is crucially important that a social entrepreneur is visionary, self-aware and able to learn and self-develop.
A social entrepreneur should have change-making competencies, including the ability to change him/herself.
*Stewardship* aims to integrate the value orientation of both leaders and society by identifying a common goal of governance.
Transformational leadership focuses on creating and fostering community and stakeholder relations and may help social entrepreneurs tap into previously unidentified resources. Servant leadership focuses on social transformation by constantly striving to be sensitive to and reiterating the needs of all stakeholders.
Finally, Responsible leadership prescribes a more balanced and rational approach, where the needs of all parties are equally important.
*( Titus van der Spek, Anne-Marie Schreven & Fons van der Velden,* Leadership in Social Business*, Utrecht: Context, international cooperation, 2013)*

What Is a Social Entrepreneur? (By ADAM HAYES MARGARET JAMES)

Project number: 2020-1-BG01-KA226-VET-095173 www.ikse.eu info@ikse.eu

A social entrepreneur is a person who pursues novel applications that have the potential to solve community-based problems. These individuals are willing to take on the risk and effort to create positive changes in society through their initiatives. Social entrepreneurs may believe that this practice is a way to connect you to your life's purpose, help others find theirs, and make a difference in the world (all while eking out a living).

Widespread use of ethical practices—such as impact investing, conscious consumerism, and corporate social responsibility programs—facilitates the success of social entrepreneurs

KEY TAKEAWAYS

- A social entrepreneur is interested in starting a business for the greater social good and not just the pursuit of profits.
- Social entrepreneurs may seek to produce environmentally-friendly products, serve an underserved community, or focus on philanthropic activities.
- Social entrepreneurship is a growing trend, alongside socially responsible investing (SRI) and environmental, social, and governance (ESG) investing.

From Investopedia

Social entrepreneurs are those who pursue business not to maximize their own profits but to maximize social and environmental benefits.
They aim to promote the welfare of society by balancing profit, society, and the environment.
Some focus on the last two and take no profit.
Others take profits but reinvest them in programs to support communities and the environment.
There are many social business models. Some solve community-based and solve problems within. Others focus on covering a wider area and having a far-reaching impact.
Regardless, they take risks and introduce initiatives to bring about positive change in society.
Social enterprise is getting more and more popular these days. Various social and environmental issues encourage higher awareness. In addition, widely adopted ethical practices also open up wider opportunities for social entrepreneurship.
For example, many companies practice social responsibility.
Investors also began to introduce Environmental, Social, and Governance (ESG) investing.
It all then opens our eyes.

In the conventional view, we focus too much on “profit” and often ignore “people” and “planet.”
In fact, “profit” is an inseparable part of the “people” and “planet” aspects, as the triple bottom line concept emphasizes. For example, to generate “profit,” we need “people” and “planet.”
So, without the other two aspects, there is no sustainable profit.

Project number: 2020-1-BG01-KA226-VET-095173 www.ikse.eu info@ikse.eu

What is the difference between an entrepreneur and a social entrepreneur?

The main difference between entrepreneurs and social entrepreneurs is how they give weight to three goals: profit, society, and the environment. Traditional entrepreneurship emphasizes maximizing profit by selling goods and services to satisfy consumer needs. Thus, they are trying to make as much money as possible.
On the other hand, social entrepreneurs aim to positively impact and benefit society and the environment. Maximizing profits is not their orientation.

They may make a profit, but they reinvest it into society, for example, by increasing the reach and impact of their socio-environmental programs.
Some use it to build vital facilities such as health and education.
And, others take profit but by giving fair compensation to society.
How social entrepreneurs impact society can vary widely.
Each has a different business model. For example, some aim to improve access to finance for disadvantaged communities as provided by microfinance institutions.
Others may encourage people's entrepreneurship, aiming to generate enough income to sustain their lives.
In addition, the scope of the social entrepreneurship area also varies. For example, some focus on community.
Others focus on a wider area.
Meanwhile, traditional entrepreneurship has a big impact on shareholders (owners or founders).

First, they pursue a competitive advantage to generate above-average profits over their competitors.

Second, by doing so, they can maximize shareholder wealth, either through dividends paid or from capital gains on the company's share price.

Why are social entrepreneurs important?

As explained above, social entrepreneurs think about how to deliver benefits through their initiatives.
They use profits for social and environmental agendas.
Thus, when compared to conventional companies, they generate higher returns on social investment.
We can see why social entrepreneurs are important from the impact they make. It can be economic, social, and positive changes in people's behavior.

Economic impact

Social entrepreneurship has an economic impact, for example, through the jobs and income they create.

- Some social enterprises recruit people in a community to produce products. They then help sell it and return the profits to the community, for example, by providing fair compensation or by building education and health facilities.

- The Faire Collection is a good example, where it employs disadvantaged people in developing countries and offers fair wages.
- Others may provide affordable capital to encourage entrepreneurship in economically disadvantaged communities. So, with entrepreneurship, they can support their income and the community around them.

Environmental impact
Several social enterprises contribute to preserving the environment.

There are many models for it. For example, they run a plastic waste processing business.

- Others may produce products by harvesting organic raw materials available in the natural environment and then replanting them. Or they make recycled products to reduce waste.
- Another example is using renewable inputs to generate energy, as Solar Sister does. This organization empowers people in rural Africa to introduce clean energy technologies into their communities.

Social impact
It is concerned with helping to improve aspects such as quality of life, economic skills, and knowledge of the community.
For example, social enterprises encourage entrepreneurship in a community. They provide skills training for producing goods.
Then, the social enterprise helps community members to market their products overseas or in other areas. In addition to paying people in the community, they use the money from the sale to reinvest in the community. For example, it could be by building education and health facilities in the community or elsewhere.
Take Better World Books, for example. The organization reuses book sales to fund literacy initiatives around the world.
Four characteristics of social entrepreneurs

The four important characteristics of social entrepreneurs are:

**Strong determination.** Social entrepreneurship often has the desired impact in the long term rather than the short term. In addition, by taking risks to make a social impact, social entrepreneurs may find their business idea a loser and difficult to sustain.
But, it all did not slacken their intentions and then switched to profit-oriented. So, they are not easily discouraged just because the program has not achieved its goals. And it requires strong determination.

**Community driven.** Social entrepreneurship's idea often starts with problems in a community. Social entrepreneurs then think about how they can offer solutions and make a positive impact. In contrast, traditional entrepreneurs start with problems and then calculate how economically viable they are before starting a business.

Project number: 2020-1-BG01-KA226-VET-095173 www.ikse.eu info@ikse.eu

**Inspire**. Traditional employers use money and profits to motivate employees to do work. But social entrepreneurs often use inspiration to move people toward change. They don't count on big profits to run a social business.
**Creative and innovative.** Social entrepreneurship requires a solutive and creative approach in looking at problems. For example, targeted people may perceive their problems as mundane or unsolvable.
But social entrepreneurs see it from a different perspective. It forces them to think creatively to find new approaches to overcoming obstacles.

Take an example in bringing behavior change in a positive direction. It's not just how social entrepreneurs develop product or service innovations.
But, it also forces them to think about paradigm innovation, where they have to change the way people think about their problems.

**Types of social entrepreneurs**
Social entrepreneurs can vary widely. Some focus on the people in a community.
They serve members in a small geographic area. And they work directly with community members.
Others take up a wider area than just being community-based. While results often take a long time, they can have an effect on a larger scale.

Then, the social business model adopted by social entrepreneurs also varies. They can differ based on their goals and how they achieve them.

For example, some social enterprises focus on providing jobs and empowering members.
They recruit people in a community to produce goods.
They then market the product and reinvest the profits by offering training or building facilities such as education or health.

- For example, Goodwill Industries employs the poor to work with donated goods. Then, the company reinvests all profits into job training programs.
- Another example is Greeneration Indonesia. This social organization redistributes the proceeds from the sale of reusable bags for waste management programs.

Meanwhile, some other entrepreneurs are encouraging people's entrepreneurship. For example, they provide microfinance loans.
They increase access to cheap capital to encourage people in a community to become entrepreneurs.
They then reinvest the profits to support similar programs in other areas. An example is Kiva, which provides funds to underserved communities.

*Social entrepreneurs identify resources where people only see problems... They begin with the assumption of competence and unleash resources in the communities they're serving." — David Bornstein, Author*

The European Entrepreneurship Competence Framework (EntreComp)

**What is EntreComp?**

We live in a rapidly changing society where it is essential that everyone has the capacity to act upon opportunities and ideas, to work with others, to manage dynamic careers and shape the future for the common good.

To achieve these goals we need people, teams and organisations with an **entrepreneurial mindset**, in every aspect of life.

The European Commission has developed EntreComp: the **European Entrepreneurship Competence Framework** as a reference framework to explain what is meant by an entrepreneurial mindset.

EntreComp offers a comprehensive description of the knowledge, skills and attitudes that people need to be entrepreneurial and create financial, cultural or social value for others.

EntreComp is a **common reference framework** that identifies **15 competences** in **three key areas** that describe what it means to be entrepreneurial.

**Using EntreComp**

EntreComp is a free, flexible reference framework that can be adapted to support the development and understanding of entrepreneurial competence in any setting.

EntreComp has the potential to be **used in a variety of ways** including:

- supporting policy and practice to develop entrepreneurial skills
- assessing entrepreneurial skills
- supporting training of educators, trainers and teachers to deliver entrepreneurial skills
- to design programmes and learning opportunities
- to recognise and certify skills

EntreComp can be used **across sectors** and be a **key support for collaboration and development work** by educators, trainers, employers, professional bodies and policy-makers.

**Social Entrepreneurship in Europe- An OECD-European Commission Project**

The Better Entrepreneurship Policy Tool is a free online self-assessment and learning tool that aims to support the design of inclusive and social entrepreneurship policies and programmes.

The tool has been designed for policy-makers and other interested parties at local, regional and national levels who wish to explore how public policy can support youth, women, the unemployed, and migrants in business creation and self-employment, and support the development of social enterprises.
It has been developed by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities and the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

What could be the main business opportunities with positive impact on society
What are prominent and successful examples of social entrepreneurs and enterprises

The 10 Most Successful Social Entrepreneurs

By SHOSHANNA DELVENTHAL Reviewed by DAVID KINDNESS Fact checked by JIWON MA

In the past, many entrepreneurs chose to accumulate wealth in the private sector and become philanthropists later in life. However, now entrepreneurs can work to improve social issues through their businesses. Globally, a new business model has emerged that meshes businesses with governmental and social organizations. Nonprofits and for-profit businesses can team up to form a hybrid business model, led by a new generation of social entrepreneurs. These leaders successfully tackle social issues while generating profit for shareholders.

Widespread use of ethical practices such as impact investing, conscious consumerism, and corporate social responsibility programs facilitated the success of the following 10 social entrepreneurs.

**1. Bill Drayton**

Bill Drayton is recognized as one of the pioneering social entrepreneurs of our time. Drayton founded Ashoka: Innovators for the Public in 1980, which takes a multifaceted approach to finding and supporting social entrepreneurs globally. Drayton also serves as chair of the board for Get America Working! and Youth Venture.12

**2. Rachel Brathen**

"Yoga Girl" is the name of Rachel Brathen's *New York Times* best-selling book and the handle for her Instagram account, which reaches 2 million followers. In addition to showing her audience fresh yoga poses and tips, Rachel hopes to connect teachers with people in the online community who need healing. "What if social media could become a social mission?" asks Brathen. Her online channel oneoeight.tv was an "online studio" that offered health, yoga, and meditation services.

**3. Shiza Shahid**

As co-founder and global ambassador of the Malala Fund, Shiza Shahid, manages business operations for Malala Yousafzai, the teenager who became the youngest winner of the Nobel Peace Prize in 2014.4 Like

Malala, Shahid was born in Pakistan. She initially reached out to Malala in 2009 and worked to organize a camp for her and other Pakistani girls. In 2012, Shiza flew to Malala's bedside after she was targeted and shot by the Taliban for promoting education for girls. Inspired by Malala's desire to continue campaigning for gender equality and education, Shahid decided to help Malala strategize her campaign. Shahid created the Malala Fund, which helps empower women and girls by advocating and spreading access to education.

**4. Blake Mycoskie**

After a trip to Argentina in 2006, Mycoskie became the chief shoe giver and founder of TOMS Shoes, using some of his own money to launch the company. TOMS pledged to donate one pair of shoes for every one sold, and now expands the "One-For-One" campaign to support water, sight, birth, and anti-bullying initiatives.78 Through the TOMS brand, Mycoskie has raised awareness about issues like global poverty and health. As of 2022, the organization had provided people in developing countries with 75 million pairs of shoes and more than 450,000 weeks of safe water.Moreover, the TOMS Eyewear program has helped to restore sight in more than 780,000 individuals by giving recipients prescriptive glasses or surgery.

**5. Scott Harrison**

Scott Harrison left a life of luxury in New York City and headed for the shores of West Africa to volunteer with a hospital ship charity named Mercy Ships. The trip was a watershed moment, and in 2006 Harrison founded charity: water, a nonprofit that provides safe and potable drinking water in 29 countries around the world.13 As of 2020, the organization had fulfilled 91,414 projects in developing countries.14 In 2020 alone, charity: water raised $55.4 million.

**6. Muhammad Yunus**

Professor Muhammad Yunus is renowned for the popularization of microfinance and microcredit, which serve as the cornerstones of the Grameen Bank, founded in 1983.In 2006, Yunus was awarded the Nobel Prize for creating the Grameen Bank, which is based on the principles of trust and solidarity to empower villagers with the funding to pull themselves out of poverty.According to the Grameen Bank, as of May 2022, 90% of its about 9 million borrowers are women, who pay their loans back at a rate of 97%—a recovery rate higher than any traditional banking system.This renowned professor has received international awards like the U.S. Presidential Medal of Freedom in 2009, the Congressional Gold Medal in 2010, and the Olympic Laurel in 2021.

**7. Jeffrey Hollender**

Jeffrey Hollender is well known as the former chief executive officer (CEO) and co-founder of Seventh Generation, a popular business for natural products. He is now a leading consultant, speaker, and activist for corporate social responsibility. He has written seven books including "How to Make the World a Better Place." Hollender is co-founder and CEO of Hollender Sustainable Brands, which sells sustainable products for sexual and personal health—such as condoms, tampons, lubricants, pads, and the like. Hollender is an adjunct professor at New York University and co-founder and board chair of the

American Sustainable Business Council; and a board member of various other organizations, including Greenpeace USA, Health Care Without Harm, and workers' rights organization Verité.21

**8. Xavier Helgesen, Christopher “Kreece” Fuchs, and Jeff Kurtzman**

These three co-founders of Better World Books—a B-Corp online bookstore that funds global literacy—all deserve recognition as successful social entrepreneurs. The founders met at Notre Dame University, where they tutored the football team and started collecting unwanted books to sell on the internet. Helgesen is CEO and co-founder of ZOLA Electric, formerly Off Grid Electric, which provides renewable energy to homes in the “off-grid world.” Kurtzman previously held the CEO position at Aid Through Trade, a company that distributes handmade accessories from Nepal around the U.S., where he was responsible for a 125% growth in sales. He also co-founded the nonprofit Operation Incubation, which delivers low-cost, low-maintenance incubators to the developing world.24

**9. Marc Koska**

Marc Koska re-designed medical tools, introducing a non-reusable, inexpensive syringe to be used in under-funded clinics. This innovation safeguards against the transmission of blood-borne diseases.25 Koska founded the SafePoint Trust in 2006, which delivered 4 billion safe injections in 40 countries via his "auto-disable" syringes. The Schwab Foundation Social Entrepreneurs of the Year in 2015 cited Koska for his pioneering solution to a world health issue. The World Health Organization (WHO) announced a global policy on safe injections in February of 2015.

**10. Sanjit “Bunker” Roy**

Sanjit “Bunker” Roy had a privileged upbringing in India, in contrast to many Indians who live off of less than $1 per day. When Roy visited some of his country's rural villages, he had a life-altering experience and decided to find a way to improve the social-economic inequities in his country. He founded Barefoot College in 1972, a solar-powered college for the poor. Roy describes Barefoot College as “the only college where the teacher is the learner and the learner is the teacher."

## References

1. *European Commission's Social Business Initiative (SEC(2011) 1278*
*https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0682:FIN:en:PDF*
2. *Wikipedia*
*https://en.wikipedia.org/wiki/Social_enterprise*
3. The Social Enterprise World Forum (SEWF)
https://sewfonline.com/
4. Stanford Social Innovation Review By Roger L. Martin & Sally Osberg
https://ssir.org/articles/entry/social_entrepreneurship_the_case_for_definition#
5. (EU – Internal Market, Industry, Entrepreneurship and SMEs)
https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/social-economy-eu/social-enterprises_en#:~:text=What%20are%20social%20enterprises%3F,for%20their%20owners%20or%20shareholders
6. European Commission (2020) Social enterprises and their ecosystems in Europe. Comparative synthesis report
https://europa.eu/!Qq64ny https://ec.europa.eu/social/main.jsp?catId=738&langId=it&pubId=8274
7. Action Plan to boost Social Economy
https://ec.europa.eu/social/main.jsp?langId=en&catId=89&furtherNews=yes&newsId=10117
8. European Competence Centre for Social Innovation.
https://ec.europa.eu/european-social-fund-plus/en/competence-centres-social-innovation
9. ASHOKA
https://www.ashoka.org/en-us/focus/social-entrepreneurship
10. Stanford Social Innovation Review By Roger L. Martin & Sally Osberg
https://ssir.org/articles/entry/social_entrepreneurship_the_case_for_definition#
11. *Titus van der Spek, Anne-Marie Schreven & Fons van der Velden,* Leadership in Social Business*, Utrecht: Context, international cooperation, 2013*

*https://www.thebrokeronline.eu/the-three-roles-of-social-business-leadership-d68/#:~:text=The%20social%20entrepreneur%20is%20the,achieving%20and%20preserving%20financial%20sustainability*
12. Adam Hayes – Margaret James
https://www.investopedia.com/terms/s/social-entrepreneur.asp
13. *Investopedia*
*https://www.investopedia.com/terms/s/social-entrepreneur.asp*
https://penpoin.com/social-entrepreneur/
14. *David Bornstein,*
*How to Change the World: Social Entrepreneurs and the Power of New Ideas*
15. The European Entrepreneurship Competence Framework (EntreComp)
https://ec.europa.eu/social/main.jsp?catId=1317&langId=en
16. Social Entrepreneurship in Europe- An OECD-European Commission Project
https://www.oecd.org/cfe/leed/social-entrepreneurship-oecd-ec.htm
17. The 10 Most Successful Social Entrepreneurs By SHOSHANNA DELVENTHAL Reviewed by DAVID KINDNESS Fact checked by JIWON MA
https://www.investopedia.com/articles/investing/092515/10-most-successful-social-entrepreneurs.asp

*This document was developed in the framework of the project IKSE carried out by* ***ARIS formazione e ricerca*** *with the collaboration of all the partners of the project.*

*"This document reflects the views only of the authors, and the European Union cannot be held responsible for any use which may be made of the information contained therein."*

***

*This document is part of the Intellectual Output 3*

**Disclaimer**

The information, documentation and figures in this document are written by the IKSE project consortium (Grant Agreement 2020-1-BG01-KA226-VET-095173) and do not necessarily reflect the views of the European Union. The European Union is not liable for any use that may be made of the information contained herein.

**Acknowledgment**

This document was produced by InnoGrowth - European Association for Innovation and Growth (BG) thanks to the inputs provided by all the partners:

Aris – professional training and research center (Italy)

Universitat Jaume I de Castellón (Spain)

Ankara Directorate of National Education (Turkey)

National Agency for Microcredit (Italy)

Bulgarian-German VET Center – (Bulgaria)

**Associated partner:**

Ministry of Labour and Social Policy (Bulgaria)

**More info and contact:**

**www.ikse.eu**

**info@iksse.eu**