



Achieving sustainability through Schumpeterian social entrepreneurship: The role of social enterprises



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ABSTRACT

One of the major scholarly challenges of social entrepreneurship is the lack of an established epistemology that partly contributes to and/or stems from a conflict of discourses. This study is an attempt to pave the way for the enhancement of the field of social entrepreneurship, using Schumpeter's perspective developed in his magnum opus "Theorie der wirtschaftlichen Entwicklung", by highlighting the role it can play in transforming business into an engine for sustainable development with an emphasis on the role that social enterprises can play. The study employs concepts of corporate citizenship, social entrepreneurship, corporate social responsibility, social enterprise, and sustainable development to form a robust conceptual understanding of the field. A canvas alongside a set of tools are developed to enlighten the way towards achieving sustainable development. The study is primarily of interest to socio-economic policy makers and social entrepreneurship scholars and benefits social and business enterprises as well. The implications of the canvas are tripartite. Firstly, the canvas demonstrates the main elements of the current socio-economic ecosystem and how they could work in unison towards the realization of sustainable development agenda. Secondly, it helps to connect diverse yet related concepts in a pragmatic manner and, as a result, lays the foundation for the realization of Sustainable Development Goals of post-2015 development agenda of the United Nations with an emphasis on the role of social enterprises. Thirdly, the canvas, in conjunction with the concomitant analyses, helps companies to understand the level of maturity and integration of their sustainable and responsible strategies. Finally, the study highlights the role social enterprises and sustainable businesses can play in achieving Sustainable Development Goals.

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1. Introduction

Sustainable development emerged as a concept among the academics in the 1960s, much obliged to the photograph famously known as "Earthrise" taken by astronaut William Anders during the Apollo 8 mission in 1968 that created a collective awareness of the environment (Mcintosh, 2015). It later gained momentum in the

1970s through a series of environmental conferences, the concerns over chemical pollutions, and the realization of unlimited growth fantasy reiterated by countless seminal works, most notably "Silent Spring" (Carson, 1962) and "Spaceship Earth" (Ward, 1966). It was brought to policy discussions at the UN's "World Charter for Nature" in 1982 and the WCED's "Our Common Future" in 1987 where the most cited definition of sustainable development was presented for the first time (WCED, 1987). Hák et al. (2016) explain how environmental and social aspects were combined with economic issues to constitute triple bottom lines of sustainability concept since the 1980s. However, the role of businesses in creating unprecedented yet unsustainable growth, apart from a series of inventive discussions and ad hoc positive practices, has been very much neglected. At the corporate level, sustainable development is often communicated through the concept of CSR (Elkington, 1999) and it connects corporate operations and activities to various aspects of sustainable development (Waddock and Graves, 1997). CSR

Abbreviations: CBO, community-based organizations; CC, corporate citizenship; CIC, Community Interest Companies; CSE, corporate social entrepreneurship; CSR, corporate social responsibility; ESG, Environmental, Social, and Governance; MDG, Millennium Development Goals; SDG, Sustainable Development Goals; SE, Social entrepreneurship; SI, Social intrapreneurship; SBM, Sustainable Business Model; SMEs, Small and Medium-sized Enterprises; SRI, Socially responsible investing; UNCED, UN Conference on Environment and Development.

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and sustainability are intertwined concepts that have taken many forms and have been defined in various ways based on the time and/or the context of the discussion (Rahdari and Anvary Rostamy, 2015).

Bowen (1953), the father of CSR, defined it in his seminal book “Social Responsibilities of the Businessman” in the following manner: ‘It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society’. More recently, Visser (2010) defined Corporate Sustainability and Responsibility as: ‘the way in which business consistently creates shared value in society through economic development, good governance, stakeholder responsiveness and environmental improvement’. The shift in the meaning is absolutely conspicuous but the main premise “creating value for society” has remained unchanged.

There is still no universally accepted definition of CSR (Chen and Fan, 2011; Rexhepi et al., 2013) in spite of the deluge of research studies conducted in the previous decades (Kolodinsky et al., 2010). The content and frequency analyses of 37 definitions of CSR unraveled that most of the highly cited definitions of CSR have common aspects that can be categorized into five dimensions: The environmental, social, economic, stakeholder and voluntariness dimensions (Dahlsrud, 2008). These common themes give an overview of the areas that CSR covers, while there are numerous of other theories and constructs that have given insights into this matter (Carroll, 1991; Porter and Kramer, 2011). Recognizing different aspects of CSR can help us to assimilate what objectives, plans, processes, tools, and monitoring mechanisms should the management adopt and implement to fulfil its responsibility with regard to different dimensions of CSR. Robert et al. (2002) discussed the concept of strategic sustainable development in which a systems approach was adopted to integrate countless complementary sustainability and CSR tools and approaches in a complex corporate context. In their strategic sustainable development framework, which included five levels, they asserted that in order to achieve objectives in a complex system, a set of principles should be put in place that would “generate a strategically defined direction to the planning process”. CSR is now an indispensable part of the corporate fabric, however, the scale of the economic, social, and environmental issues that we are facing today is way out of proportion with the social responsibility activities that are being carried out in response. These incremental attempts cannot thrive sans innovation, which is the part and parcel of entrepreneurial spirit.

SE is defined as “a process that creates social value because of the initiative in seeking solutions to societal problems through innovative strategies that involve the combination of resources, the exploitation of opportunities for stimulating social change, the satisfaction of social needs, and the development of social goods and services” (Morris et al., 2011). Social entrepreneurs are a species of entrepreneurs, theoretically novel but practically extant since the days of yore in the annals of entrepreneurship. Jean Baptiste Say, Joseph Alois Schumpeter, Peter Drucker, Howard Stevenson and J. Gregory Dees provide a strong theoretical background for entrepreneurship and to a great extent for SE.

With regard to entrepreneurship, when it is addressed in relation to social responsibility and sustainability, several questions have been raised in a micro-level that some are answered in the literature. For instance, do individuals who are concerned by sustainability issues also exhibit stronger entrepreneurial intentions (Kuckertz and Wagner, 2010)? and some are left unanswered (Can entrepreneurship, specifically SE, be used as a tool for promoting sustainability? And if yes then how?) This paper endeavors to present a gratifying apposite answer to this question by proposing a framework that pave the way for the exploitation of SE as a tool in

three levels of business activities to deliver sustainability. To do so, this study maps the transition of business enterprises to sustainable social enterprises by elucidating on the role of SE in the enhancements of CSR initiatives which can succor the current global economy to sally forth towards a sustainable one.

Martin and Osberg (2015) identified social entrepreneurs as the drivers of transformation in society and as the group that target unjust and unsustainable systems and transform them into entirely new sustainable systems. The study sees (social) entrepreneurs as viable agents of change for solving business and social problems, not the architecture of their cause (York and Venkataraman, 2010). Sustainable entrepreneurship is seen as a puissant apparatus for creating a sustainable and fair society (Hall et al., 2010). Furthermore, empirical studies show that SE has a strong influence on social value (Felício et al., 2013). Thence, SE is one of the most powerful and practical tools for addressing and fulfilling social responsibilities of companies, since its primary objective is to solve societal problems which include problems that run the gamut from environmental and social challenges to economic predicaments created by businesses themselves. The study primarily focuses on the theory of entrepreneurship developed by Schumpeter which considers entrepreneurship as a social catalyst as well as an economic one.

The rest of the article is organized in the following manner. The theoretical background of the study is discussed in section two. In the third and fourth sections, the study focuses on method, results and discussions. Finally, the study concludes that SE can be used as a tool to sally forth towards SDGs. On a side note, the paucity of an established epistemology is one of the chronic scholarly challenges of SE that contributes to or stems from a conflict of discourses. Nicholls (2010) explored the legitimating strategies of SE that could help with its establishment as a paradigmatic field. This study paves the way for the enhancement of the field of SE by highlighting the role it can play in transforming business into an engine for sustainable development with an emphasis on the role of social enterprises.

2. Theoretical background

2.1. Corporate social responsibility and corporate citizenship

One of the most prevalent definitions of CSR is that of Carroll: “The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time” (Carroll, 1979, p. 500). Carroll’s pyramid has been one of the most rampant theories of CSR during the last three decades. It is constituted of four distinguishable but relevant stages: philanthropic (discretionary), ethical, legal, and economic responsibilities (Carroll, 1979). The fulcrum of the constitution of economic entities in the current economic system has been achieving financial success. The maximization of shareholders’ value has been the prime objective of a successful firm. Moreover, companies are supposed to comply with the local, national or international legislations in accordance with the milieu they are working in as well and ethical responsibilities entail a set of standards or expectations that express some concerns regarding consumers, employees, government, society and other stakeholders. Finally, discretionary or philanthropic responsibilities are those that are not incumbent upon the company but the company will adopt them in order to gratify society’s expectations of a good corporate citizen. These four set of responsibilities have been at the centre of Carroll’s account of CSR.

Consumer and stakeholder activism are gaining the pride of place in the corporate environment, as did shareholder activism during the second half of the 20th century, which in turn, will lead

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