

Meaning of Social Entrepreneurship and Socio-Entrepreneurship: An Inquiry Through Mapping The Conceptual Criteria

JAM

13, 1

Diterima, Oktober 2014
Direvisi, Desember 2014
Disetujui, Januari 2015

Atu Bagus Wiguna

Master of Economics Program, Economic and Business Faculty, University Brawijaya

Candra Fajri Ananda

Susilo

Economic and Business Faculty, University Brawijaya

Abstrak: penelitian ini bertujuan untuk memetakan sosial entrepreneur dan sosio-entrepreneur. Dta dikumpulkan berdasarkan survey literature seperti buku dan artikel ilmiah dan dianalisis menggunakan prosedur kodifikasi. Konsep kriteria membentuk makna yang berbeda pada ide individu yang berdasar pada sudut pandang. Untuk sosial entrepenur, ekonomi adalah sudut pandang utama dan ide diimplementasikan secara ekonomis. Selain itu, untuk sosial entrepreneur mempunyai sudut pandang sosial dan ide diimplementasi secara sosial. Artikel ini memberi kontribusi pada makna Social Entreprenur dan sosio-entrepreneur. Namun, ide dan sudut pandang adalah hal laten yang ada untuk melihat pemikiran individu. Dengan demikian, penelitian selanjutnya membutuhkan untuk menemukan bagaimana setiap individu mengimplementasikan ide dan sudut pandang mereka dalam proses penciptaan nilai menjadi kenyataan.

Kata Kunci: sosial entrepreneur, sosiopentrepreneur, sudut pandang ekonomi dan sosial, survey literature, dan kodifikasi

Abstract: The study aims to map the criteria of Social Entrepreneurship and socio-entrepreneurship. Data collected through literature survey such as books or scientific articles and analyzed by coding procedure. The criteria of the concept construct a different meaning of individual idea where it depends on the perspective. For social entrepreneurship, economic is a primary perspective and idea is implemented economically. On the other side, Socio-entrepreneurship has social as the primary perspective and the idea implemented socially. The article contributes to the meaning of Social Entrepreneurship and socio-entrepreneurship. However, idea and perspective is latent thing that exist in the way of individual thinking. Therefore, further research need to find out how the individuals implement their idea and perspective in the value creation process into reality.

Keywords: social entrepreneurship, socio-entrepreneurship, economic and social perspective, literature survey, and coding



Jurnal Aplikasi
Manajemen (JAM)
Vol 13 No 1, 2015
Terindeks dalam
Google Scholar

Alamat Korespondensi:

Atu Bagus Wiguna, Master of
Economics Program, Econo-
mic and Business Faculty,
University Brawijaya

The meaning of entrepreneur-
ship has been developed. At
the beganing, Bjerke (2007)
point out that the classical
economists which study

entrepreneur was Cantilon, et al. From their per-
spective, entrepreneur is a risk taker, business builder,
innovator, and opportunist. In this perspective of
classical theorist, entrepreneur is seen as individual
that has role in the market.

After the classical perspective Landstrom (2005) show how the development of entrepreneurship concept. From their definition, it concludes that entrepreneurship is a way of thinking, reason, act, or process.

Not only studying individual role in the market, entrepreneurship studies were developing and focusing on what, how and why are individual doing something that make them having a specific role. The role itself is not only individual role in the market, but it also in another context like organizational behavior or leadership context; for example, Gartner and Timmons standpoint.

One of the recent definitions, Bjerke (2007), states that entrepreneurship is creating a new user value. Based on the development of entrepreneurship concept, authors conclude that entrepreneurship is a way of thinking, reason, act, or process to create a new user value in a specific context.

One of recent development of entrepreneurship is the concept of Social Entrepreneurship and socio-entrepreneurship. The concept believes that beside has an economic perspective, entrepreneurship has a social perspective too. For Dees (1998) Social Entrepreneurship is one species in the genus entrepreneurship. Social Entrepreneurship has a social mission that becoming a challenge to make a definition of it.

For Wiguna and Manzilati (2014), entrepreneurship that has economic and social perspective could divide into two different concepts, which are social entrepreneurship and socio-entrepreneurship. From their stand point, Social Entrepreneurship is an entrepreneurship that has social characteristic; on the other hand, socio-entrepreneurship is an entrepreneurship that has social goal and method. It means Social Entrepreneurship has economic and social perspective, but choosing economic as the priority. On the other hand, socio-entrepreneurship has economic and social perspective but choosing social as the priority.

From their article, entrepreneurship believed as a concept that has an economic and social perspective. Based on Casson (2003) there are 2 different schools of thought that developed and suggest a different theoretical idea. Economic and social couldn't be dichotomous, so that economic value could generate

social value on the other side, social value could generate economic value (Dale, 2008).

Seelos & Mair (2005), Paredo & McLean (2006), and Brush & Allen (2009) point out the definition of Social Entrepreneurship that focus on individual or organization and their goals for creating social value. Mair & Marti (2006) give a definition that Social Entrepreneurship is focus on the process of catalyzing social needs and financial benefits. After that, Austin et al (2006) and Certo & miller (2008) point out that Social Entrepreneurship is an activity to create social value which can occur across business, government, or nonprofit sector.

The definitions of Social Entrepreneurship that arise are emphasis on individual or organization and its goals, process of catalyze economic and social value, and an activity that can be occur whether in business, government, or nonprofit sector. From the point of view, Wiguna & Manzilati (2014) is an article that tends to manage that point of view to inquire the meaning of Social Entrepreneurship and socio-entrepreneurship.

The meaning of entrepreneurship could be different if it seen in a different perspective. For economic and social perspective, authors believes that the meaning of Social Entrepreneurship and socio-entrepreneurship have been explained well in the article of Wiguna and Manzilati (2014). However, the explanation of it did not manage well based on a specific point.

As a concept, Social Entrepreneurship and socio-entrepreneurship have a set of criteria that rationalize the meaning of it. As Austin, et al. (2006) and Certo & miller (2008) believe that there are a set of point that could explain the meaning of Social Entrepreneurship, authors believes that the concept of Social Entrepreneurship and socio-entrepreneurship a set of criteria. Therefore, this study aims to mapping the criteria that construct Social Entrepreneurship and socio-entrepreneurship from the article of Wiguna & Manzilati (2014).

Cukier, et al. (2011) found that there is a lot of Social Entrepreneurship literature, but there is a few of entrepreneur, entrepreneurship and social movement research that arise. They point out that there are no consistency in Social Entrepreneurship's

definitions and objects of focus too. A set of criteria that mapped well could contribute for the meaning of the concept of entrepreneurship from economic and social perspective.

RESEARCH METHOD

This is a study which has qualitative paradigm and using literature as a data such as scientific literature and articles related to entrepreneurship, economics, and sociology. Authors employ literature survey method to collect data as explain by Sekaran (2003).

There are five criteria that construct the concept of Social Entrepreneurship and socio-entrepreneurship. The criteria are economic system and culture, goal, resources utilization, approach, and performance. Figure 1 shows how the criteria of Social Entrepreneurship and socio-entrepreneurship construct the meaning of them. Each criteria has item which explain the meaning of criteria that not yet explained clearly in Wiguna & Manzilati (2014).

SOCIAL ENTREPRENEURSHIP

Social Entrepreneurship start from US economic system, profit oriented, divides economic and social aspect, measured economically, and utilizing resources based on desire (Wiguna & Manzilati, 2014). From this standpoint, authors manage the criteria into a set of explanation below.

Social Entrepreneurship Originate from Us Economic System and Culture

Social entrepreneurship originates from US economic system and culture that the society tends

to be an individualist, emphasis on consumption and wealth, and competitive (Schnitzer, 1994). Economic system affect the culture in a country and the culture of society affect economic system in a country.

Individualistic characteristic arise in US within the history US society. Half of them are immigrant from European countries that had badly.

Economic condition or government suppresses. They saw immigration to US as an opportunity to develop their financial condition and need to be an individualist people.

Another characteristic of US economic system is brilliant entrepreneur that called *robber baron* (Schnitzer, 1994). They are wealthy entrepreneurs that begin the emphasis on consumption and wealth behavior to the society. Rockefeller and Andrew Carnegie is an example of *robber baron* that giving the value of wealth and becoming a great philanthropist (Ladenburg, 2007 & Post, et al., 2002).

Competitive characteristic, weather in business or sport that tend to be exist in US society, promote the brilliant entrepreneur who have a willingness to be wealthy (Schnitzer, 1994). It support the society for doing a Business efficiently and creating a competitive circumstance. The impact from competitive society is the market and industry becomes competitive after that promote the innovation.

Beside Robber Baron, there is a history of CSR (*Corporate Social Responsibility*) that arise for the *entrepreneur* in US (Post, et al., 2002). CSR experience has giving the value of social contribution to the society based on external pressure. In 1900's, corporation were becoming bigger and did not care to their social environment so they get protest by society to carrying about social.

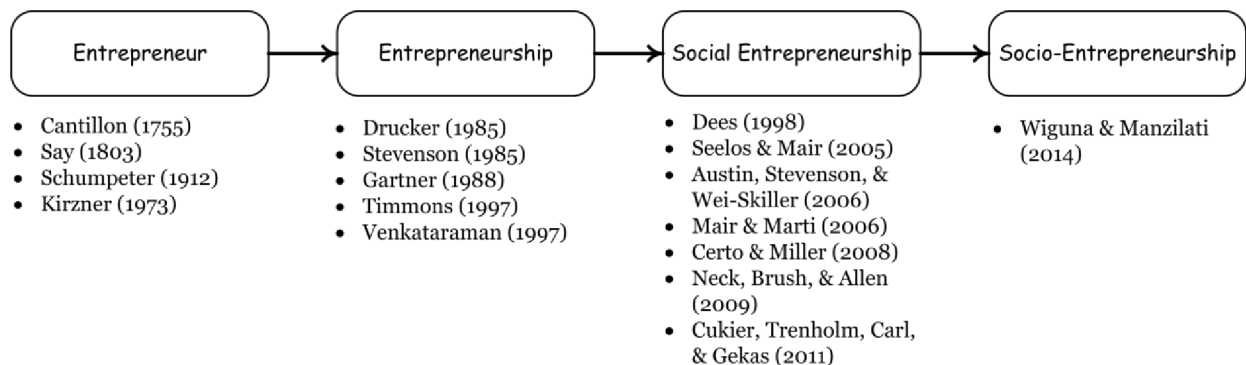


Figure 1. The development of Entrepreneurship Concept

Sources: synthesized from many resources (2014)

From the history, philanthropist and social responsibility was exist in US because of an external pressure. It become an entrepreneur's characteristic on the era and become an important factor for entrepreneurs to initiate a social contribution.

Social Entrepreneurship Have Economic Goal

Economic system of US as point out by Schnitzer (1994) classified in Individualistic Capitalism. It is an economic system which has brilliant entrepreneur and short-term profit maximization characteristic. From the stand point of US's economic system and culture, economic is the primary goal for entrepreneur that could be seen in profit maximization characteristic.

On the other hand, social entrepreneurship has different meaning with entrepreneurship. Dees (1998) point out that social entrepreneurship is one species in genus entrepreneurship which have distinction meaning that has social mission which explicit and central. However, based on the economic system and culture of US, Social Entrepreneurship has profit maximization as primary goal and social mission as a parallel goal.

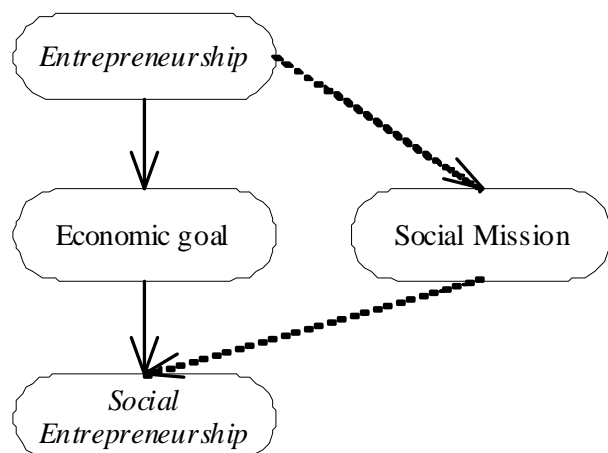


Figure 2. The Goal and Mission of Social Entrepreneurship

Sources: synthesize from Schnitzer (1994), Dees (1998) and Wiguna & Manzilati (2014)

Profit is a form of economic goal while social contribution is a form of social mission. Economic system and Culture of US that emphasis on wealth creation tend to generate philanthropic characteristic in society. Philanthropic characteristic is kind of social mission which Social Entrepreneurship has.

Figure 2 show the how the goal and mission of social entrepreneurship is. Entrepreneurship has an economic goal that tends to achieve profit. As one species of entrepreneurship genus, Social Entrepreneurship has an economic goal and social mission; however social mission is another part of the primary goal of Social Entrepreneurship. As a parallel of economic goal, social mission is central and explicit, but it ought to assist the economic goal.

Social Entrepreneurship Utilize Resources Economically

Social Entrepreneurship is an entrepreneurship which has economic and social perspective. However, during economic goal is a primary goal, Social Entrepreneurship utilize resources economically. In economics, there is an assumption called *homo-economicus* that explain about economic behavior of human.

Homo-economicus believes that humans act on their own *self-interest* based on with unbounded rationality (Ng & Tseng, 2008). Within this assumption, individual utilize resources rationally based on his own interest. Individual, in this assumption, tend to exploiting resources until he get satisfied.

Another implementation of *homo-economicus* assumption is on the decision making process by individual. Bernheim & Whinston (2008) identify 2 principle that came from *homo - economicus* which named ranking and choice principle.

Individual in ranking principle are make a rank from some alternative decision that possible to do. The rank is made by individual based on their preference and chosen by choice principle which has the highest rank of preferences. However this rank is subjective based on individual's preference that gives the highest satisfaction to individual. It means that, if there is any possibility to choose another alternative choice which has higher satisfaction based on their rationality, it would be done.

Strategy of Social Entrepreneurship is Separating Social and Economic Aspect

As an entrepreneurship which has economic goal and social mission, Social Entrepreneurship separate

economic and social aspect by achieving social mission after the economic goal has been achieved. In Social Entrepreneurship, economic and social aspect need to be facilitated by social capital; it is a norm and network that facilitated collective action (Woollock in Isham, et al., 2002).

An economic action which interact with social aspect or social structure would become a durable economic action and facilitate the purpose of the action (Yustika, 2012). Social capital becomes a concept that bridging economic and social aspect however, at the same time, it separates them.

Individual or organization in Social Entrepreneurship have an economic goal to generate profit, on the other hand, social mission as a parallel goal is achieved to contribute to social aspect. However, the social mission is becoming not genuine. As the history of CSR posed by Post, et al. (2002) and Steiner & Steiner (2006), social responsibility is arise when the corporation is growing big economically and the social environment is insisting them to contribute to the social aspect.

In Social Entrepreneurship, individual or organization is doing a social contribution because of the growing economic condition as a supporting factor. It similar with social contribution in CSR concept which regulated to insist business for doing social.

Performance of Social Entrepreneurship is Measured Economically

Social Entrepreneurship is giving economic and social impact to the society from the economic goal and social mission. While economic value rely on measurable or quantify variable, it is a great challenge to measure social value (Austin, et al., 2006; Certo & Miller, 2008). For Dees (1998) measuring social value is hard and contentious because involving wider dimension than economic value.

However, economic and social value couldn't be dichotomous. Economic value creation could generate social value, on the other side; social value creation could generate economic value too. Economic and social value creation depends on the individual or organization who involve in the value creation (Dale, 2000).

Social Entrepreneurship which has economic perspective is seen economic and social value creation process economically. Due to the challenge to measuring social value, there is concept which could measured measure social value economically; named social cost. It is a cost of action, whether social or private, who impacted by the action (Field & Field, 2006).

Social cost is a useful tool to measure the social impact in Social Entrepreneurship. While individual or organization produces goods or services, they would require a cost. Economically, social cost is a tools in economics that useful to valuing all things that impacted by an action.

SOCIO-ENTREPRENEURSHIP

Socio-entrepreneurship start from Europe economic system has process and behavior orientation, integrating economic and social aspect, not measure social value, and utilize resources base on need (Wiguna & Manzilati, 2014). From this standpoint, authors manage the criteria into a set of explanation below.

Socio-Entrepreneurship Originate From Europe Economic System and Culture

Industrial revolution in Europe is a sign for the beginning of the capitalism. On this era, there is strong political movement which becoming antithesis for capitalism and committing to raise the worker's quality of life. After that, Europe country experienced 2 major wars and depression which reconstruct their economic system (Schnitzer, 1994).

It was European thinkers whose define the capitalism, however, the influence among the thinkers was greater in US than in Europe. US economic system is a pure capitalism on the other side, Europe economic system is modified pure capitalism which declining its individualism, increasing government intervention, and restricting on competition, (Schnitzer, 1994).

Socio-entrepreneurship originates from Europe economic system and cultures that emphasis on social welfare and empowerment. From the history of

Europe economic system, they emphasize social welfare on their economic of life. There is a collective action among European society as emphasize on social welfare of the government.

It is an awareness that came from internal pressure of individual or organization to act social.

Socio-Entrepreneurship Have Social Goal

Economic system of Europe is categorized in Communitarian Capitalism which could represent best by Germany or Japan (Schnitzer, 1994). In this category, it has cooperative characteristic where satisfaction is being part of a group or society. From the stand point of Europe economic system and culture, social is the primary goal for entrepreneur that could be seen in the culture of willingness to achieving goal collectively.

Based on the economic system and culture of Europe, Socio-entrepreneurship has social improvement as the primary goal and economic mission as a parallel goal. As the economic system of Europe that tends to focus on social welfare benefit system, individual or organization in Social Entrepreneurship have to make a social improvement. However, they need to achieve their economic mission to assist the social goal.

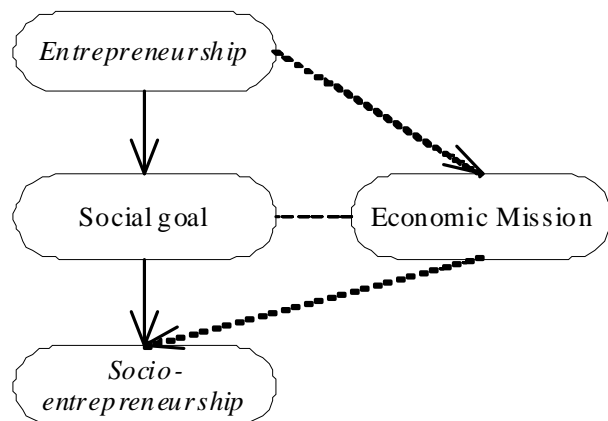


Figure 3. The Goal and Mission of Socio-Entrepreneur ship
 Sources: synthesize from Schnitzer (1994), Dees (1998) and Wiguna & Manzilati (2014)

Figure 3 show how the goal and mission of Socio-entrepreneurship is. Entrepreneurship has a social goal that tends to making social improvement. It has an economic mission; however economic mission is another

part of the primary goal of Socio-entrepreneurship. Social goal and economic mission in Socio-entrepreneurship have a connection line which reflects that economic mission is a part of social goal. In other words, when individual or organization focuses on social improvement, they would achieve the economic mission that ought to assist the social goal.

Socio-Entrepreneurship Utilize Resources Socially

Socio-entrepreneurship is an entrepreneurship which has economic and social perspective. During social goal is a primary goal for Socio-entrepreneurship, it utilize resources socially. There is an assumption called *homo-sociologicus* that explain about human behavior in society.

In this assumption, human acts within awareness of society. They have bounded rationality by norm and social role (NG & Tseng, 2008). Individual need to think first weather they benefit others or not, so resources utilization is based on need of individual. They attempt to prevent a resources exploitation and tent to make resources improvement.

Homo-sociologicus is an opposite of *homo-economicus*. While individual are thinking about them self and their benefit, in *homo-sociologicus* individual thinking about society. Socio-entrepreneurship utilizes resources socially by using it based on need, so individual or organization didn't have a lot of choice and pushed to fulfill their needs instead fulfilling their wants.

Strategy of Socio-Entrepreneurship is Integrating Social and Economic Aspect

As an entrepreneurship with social goal and economic mission, Socio-entrepreneurship integrates social and economic aspect without any separation of them. Individual or organization, in socio-entrepreneurship, believes that they are part of a bigger environment or society. Achievement of society's needs is a part of individual goal as achievement of individual's needs.

It is as *homo-sociologicus* assumption which point out that human has an awareness of society. Based on this assumption, individual or organization in Socio-entrepreneurship empowers society by

concerning on the process instead of the result (Soetomo, 2006; NG & Tseng, 2008). Therefore, they tend to promote an independency among the society economically and socially.

Empowerment within process approach involving the society to improving their quality of life. It promotes participation among actor to fulfill their needs. X and Y theory explain about how manager approaching their worker based on social and psychological condition (Lamberton & Evans, 2007). A participation, in socio-entrepreneurship, need an interaction, weather based on social or psychological condition, to understand the society.

Performance of Socio-Entrepreneurship is Measured Socially

Socio-entrepreneurship gives social and economic impact to the society from the social goal and economic mission. However, based on Dees (1998) it is easier to measure economic value than social value because they have different dimension. Individual or organization in Socio-entrepreneurship whose have an awareness about society and bounded rationality as NG & Tseng (2008) pointed out, measured their impact socially by seeing contribution of each actor to the process.

While cost could be a tool to measure economic and social value in Social Entrepreneurship, contribution to the process - weather social or economic value creation - becoming a measurement to the aspects. It mean each actor need to contribute to a process for achieve a value as Pointed out by Socio-entrepreneurship (Soetomo, 2006).

CONCLUSSION AND FUTURE RESEARCH

Social Entrepreneurship and Socio-entrepreneurship is new user value creation based on social and economic perspective. It is a different way of thinking about something weather economically or socially. For Social Entrepreneurship, economic is a dominant perspective and for Socio-entrepreneurship, social is dominant perspective. Individual with different knowledge and experience would have different meaning of their perspective.

The economic system and culture, goal, and resources utilization criteria is an idea which explain

the way of thinking based on a set assumption of human behavior. Strategy and performance criteria are ideas which explain how the perspective implemented and measured. However, the criteria are something that exists in individual way of thinking, so it is hard to measure it accurately.

While Wiguna & Manzilati (2014) conclude that Social Entrepreneurship and Socio-entrepreneurship is a choice of individual based on moral and ethic, this article believe that it need to find out first the existence of moral and ethic aspect in the perspective of individual. When individuals have a different perspective, they have different way to implement their their ideas into reality.

There are a lot of possibilities which construct the perspective of individual. Future research need to examine how individual implement their different perspective into reality. Therefore, focus group discussion or in-depth interview could be held to seek the answer. It needs to focus on individual who doing a value creation process so that they could tell the perspective that they had based on personal experience.

REFERENCES

- Austin, J., Howard, S., and Jane, W.S. 2006. Social and Commercial *Entrepreneurship*: Same, Different, or Both? *Entrepreneurship Theory and Practice*, 30: 1–22.
- Bernheim, B.D., and Michael, D.W. 2008. *Microeconomics*. New York: McGraw-Hill/Irwin.
- Bjerke, B. 2007. *Understanding Entrepreneurship*. Cheltenham: Edward Elgar Publishing Limited.
- Casson, M. 2003. *The Entrepreneur: an Economic Theory*. Cheltenham: Edward Elgar.
- Certo, S.T., and Toyah, M. 2008. Social Entrepreneurship: Key Issues and Concepts. *Business Horizons* 51, 267–271.
- Cukier, W., Susan, T., Dale, C., and George, G 2011. Social Entrepreneurship: A Content Analysis. *Journal of Strategic Innovation and Sustainability* vol. 7(1).
- Dale, R. 2000. *Organisations and Development: Strategies, Structures, and Processes*. New Delhi: Sage Publication.
- Dees, J.G. 1998. *The Meaning of "Social Entrepreneurship"*. Fuqua School of Business. Duke University. http://www.fuqua.duke.edu/centre/case/documents/dees_sedf.pdf.

- Field, B.C., and Field, M.K. 2006. *Environmental Economics: An Introduction*. New York: Mc Graw-Hill/Irwin.
- Glaser, Barney G and Anselm L Strauss. 1967. *The Discovery of Grounded Theory: Strategy for Qualitative Research*. New York: Aldine Publishing Company.
- Isham, J., Thomas, K., and Sunder, R. 2002. *Social Capital and Economic Development: Well-Being In Developing Countries*. Cheltenham: Edward Elgar Publishing Limited.
- Ladenburg, T. 2007. *Rockefeller's Million. Digital History*. [Online] From: http://www.digitalhistory.uh.edu/teachers/lesson_plans/pdfs/unit7_2.pdf.
- Lamberton, L., and Leslie, M.E. 2007. *Human Relations: Strategies for Success*. New York: McGraw-Hill/Irwin.
- Landstrom, H. 2005. *Pioneers In Entrepreneurship and Small Business Research*. New York: Springer Science+Business Media, Inc.
- Mair, J., and Ignasi, M. 2006. Social Entrepreneurship Research: A Sources of Explanation, Prediction, and Delight. *Journal of World Business* 41 (36–44).
- Neck, H., Candida, B., and Elaine, A. 2009. The Landscape of Social Entrepreneurship. *Business Horizons* 52, 13–19.
- Ng, Irene, C.L., and Lu-Ming Tseng. 2008. Learning to be Sociable The Evolution of Homo Economicus. *American Journal of Economics and Sociology*, Vol. 67, No. 2.
- Paredo, A.M., and Murdith McLean. 2006. Social Entrepreneurship: A Critical Review of The Concept. *Journal Of World Business* 41, 56–65.
- Post, James, E., Anna, T.L., and James, W. 2002. *Business and Society: Corporate Strategy, Public Policy, Ethics*. New York: Mc Graw Hill.
- Schnitzer, M.C. 1994. *Comparative Economic Systems*. Ohio: South Western.
- Sekaran, U. 2003. *Research Methods For Business : A Skill-building Approach*. New York: John Wily & Sons, Inc.
- Seloos, C., and Johanna, M. 2005. Social Entrepreneurship: Creating New Business Model to Serve the Poor. *Business Horizons*, vol 48 (241–246).
- Soetomo. 2006. *Strategi-Strategi Pembangunan Masyarakat*. Yogyakarta: Pustaka Pelajar.
- Steiner, G.A., and John, F.S. 2006. *Business, Government, and Society: A Managerial Perspective, Text and Cases*. New York: Mc Graw Hill International Edition.
- Wiguna, A.B., and Asfi, M. 2014. Social Entrepreneurship and Socio-entrepreneurship: A Study with Economic and Social Perspective. *Procedia - Social and Behavioral Sciences*, 115: 12–18.
- Yustika, A.E. 2012. *Ekonomi Kelembagaan: Definisi, Teori, and Strategi*. Malang: Bayu Media.