Social Entrepreneurship and Corporate Social Responsibility: Differences and Points in Common

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Abstract
The recent global crisis has left evidence in social problems that limit the sustainable human development. Also the link between enterprises and society, allows us to analyze that there are many things to be done to mitigate these effects of the current economic model in favor of improving the quality of life society. There are two alternate paths, that aim at the same ultimate goal, one is the Social Entrepreneurship which is intended to meet common needs resulting of the economic system and Corporate Social Responsibility, which it is the result of company ethical reflection based on interdependence and reciprocity of it to society, both paths are closely related to the creation of sustainable social value, but do not get in the same way, so it requires both. In this review the differences and similarities are described since the understanding of these depends on the value and ownership of such actions.

Keywords: Social Entrepreneurship, Corporate Social Responsibility, Satake Holders

Paper Type: Review paper

1. That is the Social Entrepreneurship?
The Social Entrepreneurship is associated with the activity of the non-profit sector, this is a general classification, which includes a majority of organizations that cannot be classified as social enterprises, despite the fact that they are linked to social change, and that somehow favor or promise solutions to thorny problems such as poverty, hunger and disease (Light, 2006), in this context of social change the scope of this type of projects is analyzed.

The professor of the University of New York Paul Light in the publication Search for Social Entrepreneurship (2008), makes a compilation of different researches and affirms that the field of study of social entrepreneurship is very recent and discussion of researchers and their studies have been aimed at achieving a basic sense. The publication quotes James Phills (2006) who argues that the Social Entrepreneurship itself, is a term related to the leadership and in the search for defining its scope "It can be whatever you want it to be and that is part of this popular appeal that corresponds to a business leadership typology".

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1 http://wagner.nyu.edu/light Professor Paul Light is the author of more than 25 books, including works on Social Entrepreneurship, the nonprofit sector, Reform of the federal government among other thematic public and social sector.
Johanna Mair and Ignasi Martí (2005) claim that the definition of Social Entrepreneurship is not very clear, "however, the findings are complementary", each of the researchers has focused on different aspects, which is an obstacle in the search for the fundamental theory and still no one has a complete picture of the phenomenon and lacks a clear understanding of how they should study the Social Entrepreneurship. However, they claim that the Social Entrepreneurship is "a process by which can create social value by combining resources in new ways, and these combinations of resources can explore and exploit opportunities that create value and stimulate social change."

Meanwhile Jay Weerawardena and Gillian Sullivan Mort (2006), concluded, after collecting more than twenty definitions of other investigations, researchers have yet evidence based on a theoretical framework, whether or not relevant Social Entrepreneurship. Despite this frustration, there is general agreement that the purpose of the initiative of the Social Entrepreneurship are "systemic changes on a large scale" and highlighted the importance of this for social entrepreneurs, which are the core element of the generation of such changes (Drayton, 2002) and these changes should lead to the "Creation of social value" (Dess, 1998). In this regard there are clear global efforts, including those of the organization of Ashoka2, founded by Bill Drayton in 1980, to support social entrepreneurs with a social vision to achieve changes that tend to improve the quality of life.

J. Gregory Dees3 is a professor who has also researched and written extensively on Social Entrepreneurship. He leads a very clear position that recognizes and promotes the role in the society of the social entrepreneur, insists that although the name of the role may be recent, the phenomenon is not: "there have always been social entrepreneurs, even though they are not called that way, but originally have managed many of the institutions that now exist with social mission," nevertheless, he also claims that reaching consensus is important, because it involves a delimitation of that role, the sector and can eventually allow characterize existing innovative companies, for profit, that could not be classified in the classic market approach but neither in philanthropic.

"The Social Enterprises are necessary to develop new models for present and future times, since combine the passion of a social mission with discipline, innovation and management of a company". The mission of this kind of enterprises, is also complement "the intervention of some government agencies, philanthropic organizations in the social sector have decreased their efforts that do not meet expectations, work inefficiently, inefficient or do not react the needs of environment." The result of their management is measured in terms of the impact or benefit to the community and not by the traditional central criterion of wealth creation, this does not relieve of sustainability, as social enterprise, also require income and concept of wealth creation, understood as a means to an end, creating social value.

In this review process was also identified that the Social Entrepreneurship can have an inclusive definition and another exclusive, the inclusive refers to the "effort to solve social problems through the change of patterns" (Light, 2008) and the exclusive of Martin and Osberg (2007) defined as focus, look for the social balance, since the reality is "unfortunate stable balance", which makes the exclusion, marginalization and suffering, are the characteristics of a segment of humanity. This focus on the social balance is exclusive to social problems related to vulnerability and infers three elements, objective, individual and result; the individual must find this situation of vulnerability, their inspiration, for direct action, with creativity, courage and strength to achieve a new balance, segment ensures permanent benefits for the group.

Regardless of an inclusive4 vision or exclusive5 the central point remains the resolution of a common problem for a group of people and that the Social Entrepreneurship then arises as business figure which allows a definite social end, in any field, attending a social need6 all the surplus of its operations should be re-invested in their own organization for the benefit of the social end. It is claimed that social entrepreneurship is the creation of wealth, as a means to an end and the corporate structures are used for to create social value. Their leader, the social entrepreneur, combines a passion for social work with discipline, innovation, strategy, market analysis and vision of company among other skills and competences to develop projects to create social value.

2 https://www.ashoka.org/
3 Director of the Center for the Promotion of Social Protection, the entrepreneurial spirit in the Duke University.
4 All human beings regardless of their socio-economic status.
5 Reserved for addressing problems of vulnerable populations.
6 Social needs are education, health, basic sanitation, the environment, equity of gender, decent work, network usage among others.

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Finally Paul Light (2008) proposes that the Social Entrepreneurship can be defined as the interaction of four components, see Figure 1, which could help entrepreneurs to develop and better implement their initiatives, under the proviso that social problems are not absolute and therefore these components must be considered depending on the context (Light, 2008).

**Figure 1: Components of Social Entrepreneurship**

Source: Own elaboration from Light (2008)

The first component is the entrepreneur and according to Drayton (2010) is focused on him because although the Social Entrepreneur has similar characteristics to the Business Entrepreneur such as creativity, passion, commitment, persistence, vision is him who tries to solve a social problem with changes to the system; the second is the idea, clearly the entrepreneurs play an important role in the transformational change, but only when they are absolutely committed to the idea, entrepreneurship can thrive, in fact not be this way, you run the risk of falling into trap of heroic leadership (Martin, 2003), a good idea and the commitment of the entrepreneur, makes the difference against a good person involved in charitable causes. The third component is the opportunity, this element is the central argument of Dees (1998) "because where others see problems social entrepreneurs see opportunities"; in fact entrepreneurs are defined partly by their ability to recognize and implacably pursue new opportunities and since the opportunities also provide resources and potential collaboration, is key to initiatives sustainability, this third component is fundamental to understand the concept of Social Entrepreneurship. The fourth component is the organization, and most importantly, is that these organizations are sustainable ventures, they find a product or service (idea) that matches corporate purpose (opportunity) and generates resources (organizational sustainability).

It is also important to clarify that Social Entrepreneurship are not social movements or mechanism to undertake social causes, since these (social movements) focus their efforts on four main topics: political opportunities and threats, the structures of resource mobilization, building identity and limits of collective action (Mair and Marti, 2005). In fact, in the words of Guzman and Trujillo (2008): "in the social activism, the motivation of the individual manifests itself indirectly influencing others to take the action and in the social entrepreneurship the entrepreneur assumes direct the search for a change or a solution".

Other authors define the Social Entrepreneurship focusing on the actions that arise from the organization and management, in this sense Austin, Stevenson and Wei-Skillern, (2006) claim that the opportunity, the people, the capital and the context are involved in the creation of value, however, highlight the importance of alignment with the organization in achieving this result and even though the organizations impose operational restrictions also provide the management capacity, the point of management capacity, open the analysis to address the issue of Corporate Social Responsibility.
2. That is the Corporate Social Responsibility-CSR-

Since a state is established, its main role is to build a society where ensure dignified living conditions, i.e. human rights for all from an economic, social and environmental arrangements to ensure the transit of this generational society\(^7\). It should be a socially responsible state, formulating a policy and regulatory framework, that favors monitoring and supervision of the current government regardless of political orientation.

In the entrepreneurial history, corporate social responsibility had its origins in the primary and only interest group that was the shareholder or owner; with an image of predator all their actions and their effects were seen as negative which was countered by the state with increased tax load, that sanctioned irresponsible practices; then over time it was realized that the objectives of the company and its raison d'être should include others who directly or indirectly was involved in the activity of the company. It is based on ethical reflection of entrepreneurs about the need for different methods of organization for its relationship with its environment\(^8\) arises the topic of Corporate Social Responsibility and creating social value, see figure 2

![Figure 2: Evolution of the Corporate Social Responsibility](image)

Source: own

In the theory of Stake Holder, Freeman\(^9\) (1984) defined as these groups employees, suppliers, customers, competitors, the state, directors, shareholders and the citizens that are around the organization directly or indirectly. For Clarkson (1995), the Stake Holder are individuals or groups of individuals that have, or are claiming, property, rights or interests of an organization and its activities, past, present, or future; these rights claimed or interests are the result of transactions that can be either legal or moral. On the basis of the foregoing there are primary Stake Holder, with a high degree of interdependence, are shareholders and investors, employees, customers and suppliers, government and society-community; their rights and expectations affect the survival of the company and for this reason, the entrepreneur must strive to create value for those who belong to the primary Stake Holder. The lack of attention to a primary Stake Holder or its non-recognition can generate the failure of the organization. The secondary Stake Holder, although they do not have such an important impact as the primary groups may oppose to the policies or programs that an organization takes to comply with their responsibilities, or to meet the needs and expectations of its primary Stake Holder. This differentiation between Stake Holder is vital for the definition of strategies by the directors, to manage or administer of the organization relations.

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\(^7\) Definition of UN on sustainability. Ensure the quality of life today without compromising the resources of future generations.

\(^8\) To manage its relations with the many convergences of interests around the activities of a company, the new form of management so all the demands of society. It is called Corporate Government (Deaking, et al, 2000).

\(^9\) The theory of the Stake Holder received criticism in topics such as duplication of participants in the groups, inequality in the ability to enforce compliance with commitments (Michell et al, 1997, quoted by Gómez, 2006) weak operationalization of the actions resulting from the inadequate identification of the Stake Holder and consequently its expectations, delineation and definition of the SH (thus, 2005), pair this arise the management guidelines of the CSR\(^9\) tool to cover up or legitimize old practices (Weiss, 2003), promote the welfarism and alternatives for the payment of fees and taxes in countries where legislation aligned CSR with the tax benefits.
The concepts of interdependence and mutuality between company and Stake Holder were formed in the topic of analysis; interdependence promptly began to be seen as a philanthropic alternative and is one of the first steps toward what today is known as the Corporate Social Responsibility.\(^\text{11}\)

**Some definitions of Corporate Social Responsibility:**

- "Continued commitment by the companies to maintain ethical behavior and contribute to economic development while improving the quality of life for its staff and their families, the community in which they work and society in general. The World Business Council for Sustainable Development (The World Business Council for Sustainable Development –WBCSD).\(^\text{12}\),"
- "Any person or group of people that may affect the performance of the company or to be affected by the achievement of the goals of the organization " (Freeman, 1984)
- The shared value is "redefining the limits of capitalism." (Porter and Kramer 2011)

The expanded concept of the Stake Holder is the shared value proposed by Michael Porter\(^\text{13}\) (2011) which addresses as a fundamental for business development creative response to Corporate Social Responsibility, in a modern concept, which has a philanthropic but really business and benefit sharing vision, proposed by this author it is to solve social problems at the same while conducting a business, if companies create wealth and aims to generate profits, because only attending market demands and not also fill orders and social needs. It is assume responsibility for the social problems that affect your business and decide handled through the same productive activity, under a business model. This concept of creating shared value, "redefines the limits of capitalism", and is based on: "reconceive products and markets" identifying new needs that society has on fields such as health, housing, environment etc. generating innovative products that create shared value; "redefine the productivity of the value chain" to enhance the use of the resources of the entire chain and "allow to create the development of local cluster" identify deficiencies in areas such as logistics, suppliers, channels of distribution, training, educative institutions, etc. that contribute to the development of new cluster.

The responsibility for basic principle corresponds to the people and even when the companies in all the countries have considered or named as "legal person", this is an artificial designation (Friedman, 1962), because really who may be responsible, are people, company executives, employees of the company, customers of these companies, competitors, in short, all the world's citizens who ultimately are directly or indirectly part of an interest group. In this debate the scope of responsibility of the Corporate Social Responsibility stopped being an exclusive theme of shareholders managers or owners, and extends to all people. It is then important to stop and think: How responsible are my actions as an individual within that system? Do I use what is necessary? Do I Produce properly? I mitigated the impact of my work?

Based on the above, individuals and companies require values to analyze and make decisions about their actions; values like responsibility are attributable or necessary for the people, so companies must declare what their values are, so that each of the people of the different Stake Holder can think about it. In Figure 3 Are described scope of interaction and reciprocity of Stake Holder.

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\(^{10}\)Interdependence is the need of some and the reciprocity is the transaction individual-company, both essential part of the economic system of any society.

\(^{11}\)There are many principles on CSR as those of the United Nations Global Compact, OCDE guidelines for multinational enterprises, Green Paper of the CSR of the European Commission, Global Sullivan Principles of Corporate Social Responsibility, and we just GRI application, AA1000, ISO 14001, EMAS, SA 8000 Social Accountability, SIGMA project, Dow Jones Sustainability, ISAE 100, ISO 26000, etc.

\(^{12}\)http://www.wbcsd.org/home.aspx

\(^{13}\)In 2002 the teachers Porter and Kramer began a series of three articles (Porter, M; Kramer, M., 2002, 2006, 2011) that culminated with the development of the new concept of creating shared value (CVC).
3. Points in Common and Differences

From the meanings of Social Entrepreneurship and Corporate Social Responsibility, it is necessary to specify the common points and differences. The concept of social entrepreneurship differs from philanthropy\(^{14}\), corporate social responsibility, sustainable development or the inclusive business.

Corporate Philanthropy, for many years remained associated with the morality\(^{15}\) of the entrepreneur, and today is the result of ethical reflection that reinforces the agenda of the Corporate Social Responsibility and helps to manage the relationships with the community from a redistribution approach; sustainable development, for its part, is closely linked with the analysis of the environmental dimension, from a long-term vision and to generate changes starting to understand that the economic system is based on the resources of a finite planet (Jackson, 2011). Meanwhile the concepts of inclusive business\(^{16}\) and Benefit Corporation or "B Corporation\(^{17}\). The first tend to build more stable and balanced societies substantially transforming the lives of lower-income sectors and, therefore, are reserved for the pyramid-based communities\(^{18}\); meanwhile, the Benefit Corporation certify good practices of corporate social responsibility, are not companies that come with a social purpose, however, should not be ignored that although from its founding principles undergo rigorous practices to mitigate the results of their interaction with groups interest, their mission purpose is to market positioning. We could say, therefore, that are social enterprises but not Social Entrepreneurships.

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\(^{14}\) It is the selfless assistance to the other by the fact of human beings.

\(^{15}\) Moral, of the latin *morālis* and corresponds to the appreciation of the understanding or awareness, does not concern the legal order, is what is socially accepted, changes according to the territory, the culture and time. It is the foundation of the ethics and standards. by be the appreciation of the understanding or conscience

\(^{16}\) The concept of business at the base of the Pyramid of Coimbatore Krishnaro Prahalad argues that are profitable business models for poor communities from overcoming the paradigm of seeing them as victims or as a load and move to recognize them as consumers with a sense of courage and ability to recover.

\(^{17}\) The "B Corporation arise around 2010 in the United States of America and focus on balancing the profit motive with its desire to make a positive impact in society and the environment. Approximately 700 companies have been certified, and its presence has been expanding.

\(^{18}\) Are business models for low-income population in order to reduce poverty?
The common point is the creation of social value in line with financial sustainability, both Social Entrepreneurship, and Corporate Social Responsibility, have migrated from the conventional concept of economic value creation, the two initiatives are aimed at creating social value, not as a derivative but as the center of their business, with the sole purpose to ensure their survival. However the line between the means as an end, or an end as a mean, in the creation of value is very thin between Social Entrepreneurship and the Corporate Social Responsibility. Therefore a socially responsible company should communicate the results of their interdependence and reciprocity, as part of its commitment to the different Stake Holders and somehow allow the participation in decision making taken into account their expectations.

A hallmark of Social Entrepreneurship is that the potential is unlimited, since overcome social problems obeys to a systemic, cyclical and structural nature, which require more than one initiative, in fact it could be argued that Corporate Social Responsibility and Social Entrepreneurship are concepts complementary to build a healthy and dignified social system.

In the changing context, businesses have a key role in the sustainability of the planet, using an analogy, enterprises are to the world what family is for society, the center of economic activity are the companies and for this reason all their actions must be carefully planned and articulated. In fact, Social Entrepreneurship, or Corporate Social Responsibility, come as a response of an uncontrolled activity which since the industrial revolution has encouraged the development and economic growth but paradoxically have not favored the creation of social value.

Both Social Entrepreneurship as Corporate Social Responsibility are responses to environmental demands, the first one as business initiative that as of the needs of people, which social entrepreneurs become opportunities to improve the quality of life, in a way are remedial action to development and economic growth for its part the Corporate Social Responsibility is a necessary decision to ensure survival based on reputation, Corporate Social Responsibility is an action to mitigate impact derived to entrepreneurial activities previously established.

In brief social problems they can be dealt with Social Entrepreneurship for this purpose a new company is created, see figure 4, and Corporate Social Responsibility are actions aligned to a previously established company, clearly an act of Corporate Social Responsibility can support the Startup of Social Entrepreneurship and Social Entrepreneurship, may have some impact on the decisions of businesses when looking to meet their Stake Holder’s needs.

**Figure 4: The purpose of Social Entrepreneurship**

![Diagram](source用自己的)

Since Social Entrepreneurship come as a response to the needs and expectations of society its actions with interest groups should get to the bottom of the underlying problems to the whole social system, to ensure that people have access to the capabilities and freedoms to live the lives they value living (Sen, 1990).

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19 This does not imply that social entrepreneurship may not project the idea of generating wealth through a strategic deployment.
The Corporate Social Responsibility and Social Entrepreneurship, can be innovative alternatives, human development, , the first supported by the leadership of their managers and the second from the ability of the social entrepreneur that looks for the social change and boosts the opportunities of the environment in concrete actions of social management effective, efficient, sustainable.

### 4. Advantages and Disadvantages

Despite the lack of understanding of the limits of the actions of the Corporate Social Responsibility and the Social Entrepreneurship, if recognized throughout society interest in solving social problems, and the need to create an enabling environment that allows combining financial objectives and social. Table 1 shows the main advantages and disadvantages of the two approaches, highlighting the common points.

**Table 2: Comparative Social Entrepreneurship and Corporate Social Responsibility: Points in Common**

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>POINTS IN COMMON</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td>ES</td>
<td>• Social Enterprises are employment generators.</td>
<td>• Social Enterprises with paternalistic approach does not favor the creation of social value.</td>
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<td></td>
<td>• Work the concept of social innovation to solve social problems.</td>
<td>• The potential of social initiatives is complex to measure, starting from conception itself as it represents a different value for each scenario.</td>
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<td></td>
<td>• Prioritize the creation of social value being self-sustaining.</td>
<td>• Poor management of sustainability and dependence on donations.</td>
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<td></td>
<td>• Social Enterprises are necessary for a balanced business ecosystem.</td>
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<tr>
<td>CSR</td>
<td>• Access to investment funds that focus on socially responsible company.</td>
<td>• The government can reduce its level of involvement in some subjects or specific territories.</td>
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<tr>
<td></td>
<td>• Reputation and brand positioning.</td>
<td>• Use the actions as a means, not an end of social interaction. (Use mediatic.)</td>
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<td></td>
<td>• Guidance toward the values.</td>
<td>• Assistentalist actions that favor mercantilist interests, or lacking meaning actions for Stake Holders.</td>
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<tr>
<td></td>
<td>• A strategy that promotes the competitiveness.</td>
<td>• There are no institutional and cultural mechanisms that favor the commitment of the whole society as an active part of each interest group.</td>
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<tr>
<td></td>
<td>• Social Welfare: environment, human rights, labor rights, consumer protection and fair trade among others.</td>
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<td></td>
<td>• Development Alliance state-business-civil society.</td>
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<td></td>
<td>• Concern for the future.</td>
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<td></td>
<td>• To restore social order.</td>
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Source: own

### 5. Conclusion

There is a boom in social initiatives and a widespread interest in common issues such as education, health, environment, fair trade, equity and sustainability, however, this concern was no longer exclusive of companies and its ethical thought of how these results are achieved and extended to civil society with social organizations, to search for solutions to the underlying problems in the economic and social systems, used as mechanism of non-profit organizations which today are insufficient to meet so many needs. Emerge then alternatives such as Social Entrepreneurship, which has to do with the sensitivity and the ability to recognize business opportunities, whose impact focuses on improving the quality of life, creating social value, from a managerial approach, where the opportunity it is a desirable future welfare state, which requires the introduction of goods and services through the creation of partnerships. (Mariek et al., 2004). Same time evolves the concept of Corporate Social Responsibility from the positioning of reputation, guarantee survival.

The Corporate Social Responsibility is immersed in an environment where yet clearly increase the shareholder value is key, this investors are willing to pay or invest in more ethical companies; these impacts on perceptions that occur in the Satake Holders from outside the organization, also take place in their employees, which show greater loyalty to companies that have committed behavior.
In short, well-managed Corporate Social Responsibility can integrate the expectations of society with corporate objectives and strategy of the company, at the same time allowing to improve all its processes.

The Social Entrepreneurship and the actions of Corporate Social Responsibility, are oriented to the society in general and in particular to the creation of social value, the common point in the focus of the debate and that is perhaps not what makes it possible to show the main difference and although both have that feature as its central axis is the person, from which they are seeking the welfare in different aspects of the human, the Corporate Social Responsibility addresses the needs of a group to which directly or indirectly has impacted prior development of commercial, industrial or services activities and the Social Entrepreneurship emerge as transversal response with products or services aimed to close the gaps in the activities In a globalized economic system.

**Bibliography**


