

An examination of the factors contributing to the formation of social entrepreneurship

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1 Introduction

Social entrepreneurship plays an essential role in addressing serious social problems while enhancing social wealth (Zahara, Rawhouser, Bhawe, Neubaum and Hayton, 2008). Social entrepreneurs have become the leaders of worldwide transformation by launching new organizations aiming at serving several social needs, thereby improving the quality of life and enhancing human development around the globe (Elkington and Hartigan, 2008; Mair and Noboa, 2003; Martin and Osberg, 2007).

Social entrepreneurs apply business principles and innovative approaches to solve intractable development challenges in their local communities, which the public and private sectors are unable or unwilling to address (Buckner, Beges, Khatib, 2012). Unlike traditional business entrepreneurs, their goal is not exclusively to maximize financial profit. Rather, social impact is their primary objective. While their institutional models vary, from non-governmental organizations (NGOs) to privately owned social enterprises, social entrepreneurs have been successful in introducing new reforms and models to improve education, health outcomes, community development, gender issues, economic growth, and more (Buckner et al, 2012).

Thake and Zadek (1997) viewed social entrepreneurs as those driven by a desire for social justice. Social entrepreneurs seek a direct link between their actions and an improvement in the quality of life for the people with whom they work and those that they seek to serve. They aim to produce solutions which are sustainable financially, organizationally, socially and environmentally. In a similar vein, social entrepreneurs according to Dees (1998) play the role of change agents in the social sector, by adopting a mission to create and sustain social value (not just private value), recognizing and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation, and learning, acting boldly without being limited by resources currently in hand, and exhibiting heightened accountability to the constituencies served and for the outcomes created.

Social entrepreneurship (SE) has been defined in many different ways in the literature. For instance, Leadbetter (1997) defined it as the use of entrepreneurial behavior for social ends rather than for profit objectives, or alternatively, that the profits generated from market activities are used for the benefit of a specific disadvantaged group. For Mair and Marti (2006) SE is a process of creating value by combining resources in new ways intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs. Social entrepreneurship has also been defined as the identification of a stable yet unjust equilibrium which excludes, marginalizes or causes suffering to a group which lacks the means to transform the equilibrium; identification of an opportunity and developing a new social value proposition to challenge the equilibrium, and forging a new, stable equilibrium to alleviate the suffering of the targeted group through imitation and creation of a stable system around the new equilibrium to ensure a better future for the group and society (Martin & Osberg, 2007).

Zahra, Gedajlovic, Neubaum and Shulman (2009) reviewed over 20 definitions of SE and integrated them into the following single definition: SE encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating

new ventures or managing existing organizations in an innovative manner. Social wealth is defined broadly to include economic, societal, health, and environmental aspects of human welfare.

SE has been introduced as an innovative model that can address persistent problems of poverty and inequality in Arab societies particularly after the Arab Spring by harnessing the potential of the youth to fuel economic and social growth. While SE is still a relatively emergent sector in the Arab world, there is evidence of its arrival in the region over the last decade through international programs and regional incubators supporting entrepreneurs in both the business and social sectors (Buckner et al, 2012).

A 2010 report published by the Brookings Institution, Social Entrepreneurship in the Middle East, notes that Egypt is home to the largest number of social entrepreneurs, but also suggests a low level of familiarity with the terminology and concept in general (Buckner et al, 2012).

According to Buckner et al (2012) there are two broad factors indicating that social entrepreneurship has the potential to grow after the Arab Spring. First, the rise in people's interest in giving back to their communities and their high level of engagement in volunteer work can be seen as providing a strong social incentive for setting up social entrepreneurial initiatives. Second, the economic context after the Arab Spring has affected people's engagement with entrepreneurship and social entrepreneurship: On one hand, there is a move away from regarding the government as the primary provider of jobs, as people state a preference for working in the private sector, and an interest in achieving greater independence through self-employment. On the other hand, the lack of other employment opportunities is pushing more people to examining self-employment as an alternative. This may serve to explain the relatively high level of awareness about entrepreneurship and social entrepreneurship in the region.

The practice of SE has a long history; however, the field has only begun to gain academic attention in the past few decades. Most of the literature to date focuses on theoretical and conceptual issues, and there continues to be a paucity of empirical work in this discipline (Roy, Brumagim&Goll, 2014). Zahara et al (2009) called for the careful analysis of the antecedents of SE which might include societal, organizational and individual variables as well as the contextual variables that influence SE formation. Miller, Grimes, Mcmulien, and Vogus (2012) argued that the antecedents of forming a social venture have been largely overlooked in the literature.

2 Research Problem

Forster and Grichnik (2013) argued that empirical investigation on social entrepreneurial antecedents on an individual level are lacking so far and deserve further examination. In a similar vein, Kumbul-Guler (2009) argued that studies on the personal characteristics of social entrepreneurs are small in number and demands further attention. Alvord, Brown and Letts (2004) as well as Austin, Stevenson and Wei-Skillern (2006) called for the investigation of the contextual factors that encourage or hinder the formation of SEs. Zahara et al (2008) called for examining the personal or structural factors that contribute to social ventures' emergence.

More specifically, in Egypt a number of studies have addressed the problems or challenges facing social entrepreneurs when launching their social ventures (see for example, Abdou, Fahmy, Greenwald and Nelson, 2010; Al Abd, 2013). For instance, the high cost of bureaucratic, legal, and regulatory barriers to establish and operate a private enterprise lead to high rates of early failure. In addition, there is a need for mentorship support, a strategic service for advising start-up ventures in the earlier stages of growth (Buckner et al, 2012). On the other hand, the studies on the antecedents of SE formation are still lacking. Therefore, the present study attempts to address this gap by investigating and exploring the antecedent variables to social ventures formation in Egypt.

3 Research Objectives

- To investigate the factors that contributes to the emergence/formation of SEs in Egypt.
- To classify these factors into categories whether cultural, contextual or individual factors.

4 Research value

4.1 Academic Value

- The current research seeks to enhance our understanding about the factors contributing to the formation of SE, a relatively recent phenomenon for both practitioners and academics (Germak& Robinson, 2014).
- According to Roy et al (2014) the lack of a common definition of SE makes it difficult to empirically identify and study its consequences and antecedents which resulted in a paucity of empirical work in this area. Therefore, the present study attempts to address this gap by empirically investigating the antecedents of SE.

4.2 Practical value

- Understanding the antecedents of SE formation is arguably an important precursor to understanding a broader spectrum of SE activity. The current study should contribute to the building of a generalizable profile of social entrepreneurs, which may have implications for investors seeking SE talent and for individuals intending becoming social entrepreneurs.
- Knowledge of the antecedents of SE formation can be used in the selection process for the most appropriately aligned individuals with the goals of the social venture.

5 Literature Review

Different studies examined different factors contributing to the formation of social ventures. According to Shumate, Atouba, Cooper and Pilny (2014) early adulthood experience in volunteering provided important values that inspired the social entrepreneur to form social ventures late in life. Volunteer experience provided unique socialization experience for social entrepreneurs where they can get unique information (Shane, 2000).Prabhu (1999) suggests that prior entrepreneurial experience helps social entrepreneurs develop the necessary confidence and self-efficacy to successfully begin a venture.

Shumate et al (2014) indicated that prior work experience played an important role in overcoming obstacles in forming social ventures. Shumate et al (2014) and Bonbright (1997) pointed out the importance of educational background in forming social ventures. Dees (1998) as well as Miller et al (2012) argued that the decision to start a social venture is substantially motivated by the other-oriented emotion of compassion, which is the desire to alleviate the suffering of others. The study of Baierl, Grichnik, Sporrle and Welp (2014) found a positive relationship between perceived probability of success as well as perceived social support and SE intention using a sample of participants from several entrepreneurship courses at three business schools.

The study of Kumbul-Guler (2009) investigated who the social entrepreneur is and the factors determining socially entrepreneurial behavior using data collected from 205 social entrepreneurs from 47 countries who are fellows of Ashoka and Schwab Foundation (funding organizations to social entrepreneurs) via web based survey method. The results indicated that social entrepreneurial behavior was found to be positively affected by the factors of creative leadership, creative challenge loving, optimism, perseverance, internal locus of control, social network, self-confidence, helping the needy, spirituality, belief in social solidarity, and individual achievement.

Austin (2006) asserts that innovation and creativeness are important aspects of social entrepreneurship. So, as social value creators, social entrepreneurs are expected to have innovativeness and opportunity identification. Moreover, Kumbul-Guler and Kicir (2011) have found that, young Turkish social entrepreneurs claim to have creativeness while talking about their character strengths. Along with having a high internal locus of control, self-efficacy is a cognition that is found in an individual who believes in him/herself to succeed challenging tasks. Self-efficacy supports the intention formation and to be persistent in pursuing the mission (Maurer, 2001). Moreover, Spear (2006) in his case study found that in social entrepreneurship process, the leader and the followers work together on a team based structure. That is why, social entrepreneurs are considered to be good

leaders and expected to have a strategic leadership mindset (Llewellyn, Edwards, Lawton, ve Jones, 2000).

Barendson and Gardner (2004) in their interview based study found that perseverance is very crucial in social entrepreneurs. Germak and Robinson (2014) found, through in-depth interviews with social entrepreneurs that need for achievement was a notable theme in what drives social entrepreneurs toward launching social ventures. Mair and Noboa (2006) proposed empathy, moral judgment, self-efficacy, and social support as central antecedents of social entrepreneurial behavior. Beckner et al. (2012) examined Arab youth's interest in SE through an online survey. They detected a strong interest in volunteerism and a sense of social responsibility, finding that more than one in four respondents in the region is active in some form of volunteering.

6 The Egyptian Context

The studies located were concerned with the challenges facing Egyptian social entrepreneurs in the formation of their ventures. Egyptian social entrepreneurs report several problems facing them in their efforts for launching their social ventures (Al Abd, 2013). For example, many attributed the lack of SE to an educational system that does not encourage critical thinking, questioning existing conditions, or creativity. This can be heightened by a culture that does not encourage innovation, unconventional careers or risk taking. Another problem that social entrepreneurs face is finding and retaining capable staff that are passionate about the cause and understand its essence, especially since qualified, professional young people do not consider social entrepreneurship as a viable career path and are often unaware of opportunities in the social sector.

Abdou et al (2010) identified four main challenges facing social entrepreneurs in Egypt. Namely, policy-making and governance, the need for greater institutional, operational and financial support, the lack of social and cultural awareness and recognition of the social entrepreneurs' work, limited access to technical support, including: management consulting services, financial and business planning, legal counseling, impact evaluation, marketing and training.

Visser (2011) examined SE in Egypt, articulating both the government's understanding and society's understanding of SE and researching whether young social entrepreneurs face opposition or restrictions from government and society. She found that social entrepreneurship has not been supported by legal infrastructure and that the government actively hinders social entrepreneurs. She also argues that social entrepreneurs face societal disapproval by contradicting common values of choosing a well-defined profession and a career that guarantees a stable income. Additionally, in light of the general mistrust that citizens hold for the social sector and development organizations, social entrepreneurs' families discourage them from joining the sector. She concludes that the combination of governmental control and societal disapproval have a negative impact on resources, networks, and accessible information for young social entrepreneurs.

However, as a result of the growing sense of hope and ownership after the revolution, many have started independent social initiatives and the number of registered NGOs witnessed an unprecedented surge (Al Abd, 2013). The year 2011 witnessed the registration of 4,500 new NGOs as compared to the usual 800 NGOs each year. Nahdet El Mahrousa (an example of a social venture in Egypt) has also reported that the number of initiatives requesting incubation has more than doubled in comparison to previous years (Al Abd, 2013). Cairo has also witnessed the birth of online platforms encouraging volunteerism and investment in social causes and linking volunteers and philanthropists to NGOs using social media networks. Existing organizations have also reported an increase in the number of people interested in volunteering and increased donations from several individuals. Moreover, many youth led organizations have successfully used social media both for advocacy and fundraising (Al Abd, 2013).

7 Method

7.1 Sampling

A purposive sampling technique will be employed in the present study. A sample of 20 social entrepreneurs (or on the basis of theoretical saturation, the point in data collection when new data no longer bring additional insights and incremental learning is minimal) will be approached to participate in the study from different governorates in Egypt depending on their existence after their identification by contacting organizations that support or incubate them (for example, Nahdet El Mahrousa).

7.2 Data Collection

In-depth, face to face interviewing will be employed in the present study to develop profiles of the social entrepreneurs. The strength of qualitative research is its ability to provide complex textual descriptions of how people experience a given research issue. Preliminary interview questions may cover issues such as family history, the entrepreneurs' educational background, information about their particular social project, a question about any critical incident that inspired their work, questions concerning their prior work or volunteer experience in the social domain, questions about their social network that enabled them to start their social venture, and prior entrepreneurship experience.

8 Analysis

The transcripts from the interviews will be analyzed using Atlas.ti, which is a qualitative data analysis software designed to organize, manage, and analyze textual, visual, and audio/video data (Alvira-Hammond, 2012).

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