

# Social entrepreneurship

[Business](#), [Entrepreneurship](#)



There are substantial issues related to social entrepreneurship and how they are dealing with challenges including competition, structure, adapting to a changing economic and social environment, and employee retention and satisfaction. There is a perception by some small businesses that an unfair competition exists because a nonprofit may already be an established agency with resources of their own.

They argue that social entrepreneurship may take a significant piece of a limited customer base that is shared by struggling small businesses.

Differing views among scholars raise the issue of definition, mission, and validity of social entrepreneurs. In America, some believe that social entrepreneurship must remain in the private sector and operated as a substitute for social welfare. (Bacq & Janssen 2001)

Others limit their focus to the social entrepreneur's role within the organization. Bill Drayton of The American Social Innovation School posits that the social entrepreneur's characteristics as a change agent are the central element of social entrepreneurship, while others insist that the organization must remain the primary focus.

The mission-centric nature of social entrepreneurship is a point of contention as well. Scholars are divided over the necessity to link the social mission with the financial goals. Some believe that the commercial activities do not need to be connected to the social mission, so long as the revenues are used to fund the social activities.

Adam Smith (1976) suggests that businesses, although may have good intentions, are easily dissuaded from the pursuit of social good. Dees and

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Anderson (2003) also acknowledge the risks of conflicts between having both a social mission and wealth creation objective, admitting that successful examples of such setups are rare in practice.

In some instances, as observed by Dees (2012), the social mission can " be at odds" with profit motives. (Dees, 2012, p. 321). Dacin, Dacin, and Matear (2010, p. 45) also highlight that it is an " increasingly important concern that all forms of business face: how to weave social and economic concerns into the fabric of organization management, to the mutual satisfaction of stakeholders."

Additionally, Dees and Anderson (2003) suggest that the most significant challenge of operating a for-profit social enterprise is the complexity of combining two opposed objectives which are amplified by the pressures to compromise social mission in pursuit of financial performance.

Regarding mission drift, scholars argue that the business model brings more tensions that benefit. They suggest that situations will inevitably arise due to the different objectives leading to a divergence of goals and values. Smith, Gonin & Besharov (2013) point to the " competing demands" and the " ethical dilemmas" that are likely to arise in such a situation.

Seedco (2007) adds that even though social entrepreneurs have a strong commitment to the social goal, they may be quickly moved from this goal due to increasing financial problems (Seedco 2007).