



A CONCEPTUAL MODEL OF PARTNERSHIP BETWEEN CSR AND SOCIAL ENTREPRENEURSHIP FOR SUSTAINABLE COMMUNITY DEVELOPMENT

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Abstract

Can businesses and social entrepreneurs work together? What are the achievable mutual benefits of this collaboration? Could this really play any meaningful roles in sustainable community development? These are some of the questions that were taken on in this paper which relied immensely on secondary data. What emerged was a finer articulation of a concept that counts on individuals or a group of them working together to address matters of significance to a set of people. The paper concludes by pointing out the main advantages of a partnership between social entrepreneurs and businesses.

Key Words: *Social Entrepreneurship, Corporate Social Responsibility, Partnership, Social Opportunities, Sustainable Development.*

Introduction

CSR is a responsible way of doing business to cater to the needs of the market and its stakeholders. Social responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that is consistent with sustainable development and the welfare of the society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour and is integrated throughout the organization (Australian Centre for Corporate Social Responsibility (ACCSR),2010).

Social entrepreneurship has emerged as a contemporary issue in the social arena. It is a concept well suited for this age (Dees, 2001). Dees also makes a call for entrepreneurial activities to spearhead the resolving of social issues; since many governmental and charitable efforts have failed to meet the existing social needs. Dees therefore makes a case for social entrepreneurs by highlighting that they fill the gap that has been left void by the ineffectiveness, inefficiency and the lack of sustainability from major institutions. While it may seem as though Dees has attached some nobility to the concept, Mair & Mati, (2006) are also of the opinion that the concept catalyses social change and addresses important social needs in a way that is not dominated by direct financial benefit for an entrepreneur. This somewhat broadly indicates that social entrepreneurship signifies a business model for individuals and non-governmental organizations fulfilling social issues.

Theoretical Framework

Corporate Social Responsibility

It is widely acknowledged that modern firms have some responsibility towards society, however, there is a different perception of what this responsibility entails, which supports that there is different paradigm of Corporate Social Responsibility. The concept of CSR closely relates to corporate citizenship, corporate social performance, corporate social responsiveness, stakeholder management, corporate philanthropy, the triple bottom line, corporate community involvement, environmental responsibility, business ethics, community relations, community development, global citizenship and sustainable business etc. This consequently explains why scholars (Carroll,1991; Jones,1999; McWilliams and Siegel, 2001; Idowu and Pappasolomou, 2007) have all argued that there is still no generally acceptable definition of CSR, because it overlaps with other similar concepts.

Commission of the European Communities' (2002) definition for CSR is: CSR is about corporations having taking actions and responsibilities beyond their legal obligations and business aims. These wider responsibilities cover a series of areas but are frequently summed up as environmental and social – where social means society broadly defined, rather than simply social policy issues. This can be summed up as the triple bottom line approach: economic, social and environmental. According to World Business Council for Sustainable Development (1999), CSR is the ethical behaviour of a corporation towards society; management acting responsibly in its relationship with other stakeholders who have a legitimate interest in the business, and it is the commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large (Idowu and Filho, 2009, p.15).

The idea that modern corporate organisations should recognize the economic, social, and environmental impacts of its activities on both its stakeholders and the environment is recognised by all the definitions of CSR. It advocates that social and



economic goals must co-exist, as well as requires corporation to both minimize the adverse effects and maximize the consequential benefits of its operations on the environment and stakeholders (Idowu and Papasolomou, 2007).

Stakeholder Theory

The Stakeholder Theory arises from a rejection of the idea that the company should strive to maximize the benefit of the shareholder - a single stakeholder (Wijnberg, 2000). Every company has complex involvement with stakeholders who have an interest in organisational actions and outputs; So stakeholders are critical in determining the failure or success of a modern business organisation (Freeman, 1984). The Stakeholder Theory emphasizes the relationship between corporate and its behaviour within its external environment.

Stakeholders are defined as individuals or entities that can be affected by the organizational products, services and activities, at the same time, whose activities can affect the ability of the organization to achieve its objectives. Stakeholders include shareholders, suppliers, employees, customers, governments, NGOs, community, the environment etc (Wijnberg, 2000, p.331).

Corporation need to know and understand its stakeholders and recognise the interdependence of firm and stakeholder interests. Corporation also should take into account the responsibilities in which its stakeholders are interested. In return, stakeholders supply the elements necessary for the corporation to function, which include financial, human and technical resources. The organizational ability to survive depends on the availability of these resources. Corporation exists within larger networks which consist of various stakeholders that exert pressure on it. A good corporation should address the concerns the demands of stakeholders who can affect or be affected by the organizational actions.

From a stakeholder perspective, CSR requires company to consider the interests of stakeholders in discharging its profit-directed activities. CSR also can be described as the satisfaction of the expectations of all stakeholders to maximise the organisational positive impact on its social and physical environment, at the same time providing a competitive return to its shareholders (Marsden and Andriof, 1998, p. 330).

Integrating Business and Society

Corporations should root CSR in a broad understanding of the interrelationship between a society and corporation while at the same time anchoring it in the operations and strategies of organisations. Corporate activities affect society, on the other hand, external social condition also influence corporate. Successful corporations need a healthy society, but a healthy society needs booming corporations. To put these principles into organizational operations, a company should integrate a social perspective into the core frameworks it already uses to guide its business strategy and understand competition (Porter and Kramer 2006).

Social Entrepreneurship

Entrepreneurship as a practice seems to also attract some degree of misunderstanding among researchers. (Malunga et al., 2014) In some cases, entrepreneurship is defined as the process of adding something new (creativity) and something different (innovation) for the purpose of creating wealth for the individual and adding value to the society (Kao, 1993), while in another instance, being an entrepreneur is linked to starting a business. This, according to Dees (2001) is very narrow for a concept which is significant and has evolved over the years.

The perception of entrepreneurship as possessing economic benefits for an entrepreneur was recently contested by Korsgaard and Anderson (2011) who insist that economic growth is not the only relevant outcome of entrepreneurship. They argue that entrepreneurship is as social as it is economic. In fact Rai (2008) argues that entrepreneurship can be explained as a continuous innovative practice by an entrepreneur who works under hard conditions associated with uncertainty and high risks yet ensuring productivity in their ventures (Malunga et al., 2014).

With respect to the link to innovation made by Kao (1993) above, Zampetakis and Moustakis (2006) further highlight that innovation may be viewed, as the ability to quickly recognise the relationship that might exist between an existing problem and a probable solution by identifying a solution which is unaccustomed or by using the resources available in an unusual manner to solve an existing problem. Therefore, innovation can be seen as an essential element of entrepreneurship. Leadbeater (1997) argues that there is a need to innovatively develop new forms of social capital through social entrepreneurs to empower disadvantaged people and encourage them to take greater responsibility for and over their lives. It is evident that Leadbeater concurs with Kao's view that entrepreneurship, regardless of its context, must include innovation and adding value to the society (Malunga et al., 2014).



Social entrepreneurship can be defined as the product of individuals, organizations, and networks that challenge conventional structures by addressing failures - and identifying new opportunities - in the institutional arrangements that currently cause the inadequate provision or unequal distribution of social and environmental goods (Nicholls, 2009). This definition is suitable as it acknowledges that social entrepreneurship can happen in any form be it for individuals, in organisations and within networks. For social entrepreneurship to be entrepreneurial; opportunity identification is paramount. Social entrepreneurship is therefore a significant tool in addressing social problems including unemployment, poverty, and education (Smith & Stevens, 2010; Shaw & Carter, 2007; Peredo & McLean, 2006). It is an innovative approach for dealing with complex social needs (Malunga et al., 2014).

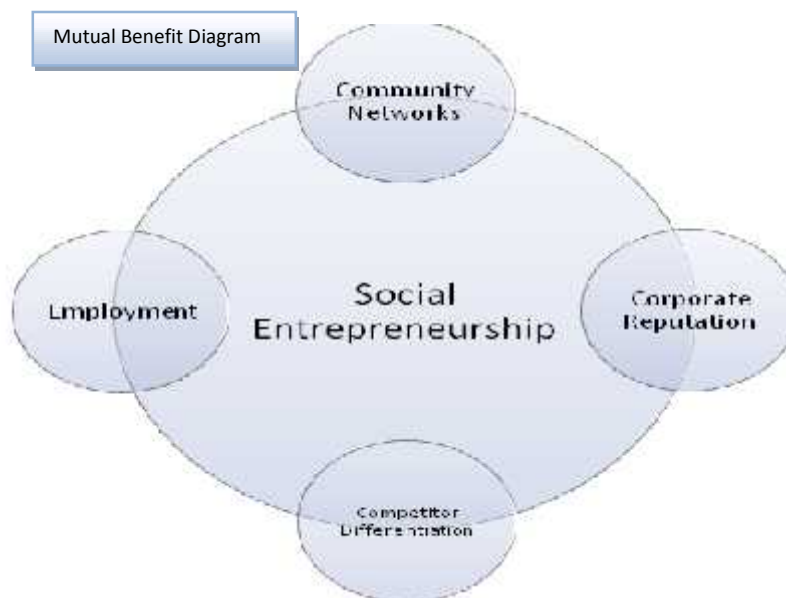
It is apparent that social entrepreneurs focus on innovation for the purposes of social change rather than the maximising of profits as the true reward to a social entrepreneur is not financial gain but social capital to influence change in the communities. Common across all definitions of social entrepreneurship which have been discussed hitherto is the underlying drive for social entrepreneurs to create social value, rather than personal and shareholder wealth (Malunga et al., 2014).

A Mutually Beneficial Partnership towards Sustainable Development

Thumbadoo and Wilson (2007) assert that social entrepreneurs “look at the world with new eyes”; where others see doom they see boom. For this reason the authors of that paper characterise social entrepreneurs metaphorically as architects of community development, because architects envision the erection of a spectacular structure where others might see a worthless piece of land (Malunga et al., 2014).



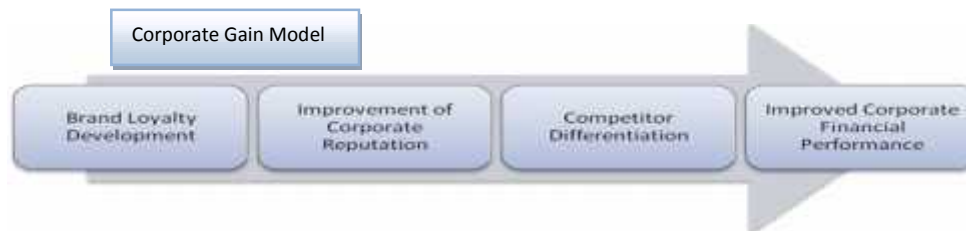
Hervieux et al. (2010) give a good example of how social entrepreneurs better deal with social problems compared to other organisations. They assert that though it can be argued that commercial entrepreneurs also create social value through the creation of employment, the unique aspect about social entrepreneurs is that they “empower the marginalised population”. Rather than just creating employment, they further create networks for the population to ensure that an individual permanently takes responsibility over their lives and fate (Hervieux et al., 2010). It is clear that the networks created by social entrepreneurs ensure more sustainable means of employment (Malunga et al., 2014).





Furthermore, as social entrepreneurs take part in community development they tend to raise awareness of the problems faced by the community therefore creating networks for communities so that more people can participate in developing communities (Di Domenico et al., 2010; Farmer & Kilpatrick 2009). Di Domenico et al. (2010) elucidate that as social entrepreneurs strive to meet the needs of the community, they utilise resources that are usually considered to be useless to achieve their objectives. In addition, social entrepreneurs play a major role in dealing with social ills and have made significant contributions in community development. However the field of social entrepreneurship still faces profound challenges which make it difficult for social entrepreneurs to operate to their optimum level (Sud, VanSandt & Baugous, 2009).

It has become increasingly important for corporations to address the CSR issue (Campbell 2007). This has resulted in many corporations integrating CSR into the strategic management of the business to deliver a series of benefits that can ultimately improve organizational performance (Porter and Kramer 2006; Dean 2003; Mullen 1997). Strategic CSR activities can deliver lots of organizational benefits including brand loyalty development, the protection and improvement of corporate reputation and competitor differentiation, which can lead to improved corporate financial performance (Porter and Kramer 2006; Dean 2003; Mullen 1997). This is why more and more corporations choose to engage in CSR activities (Margolis and Walsh 2003).



Conclusion

Social entrepreneurs have an important role to play in community development. They motivate change in communities by creating a new equilibrium in the communities and affecting many people through innovative ideas therefore addressing social issues. They are able to identify opportunities and devise ways of taking advantage of these opportunities (Malunga et al., 2014). When businesses work together with social entrepreneurs, they both achieve mutual benefits; these include sharing of knowledge, reputation, market access and so on (Dahan et al., 2010). The main advantage of a partnership between social entrepreneurs and businesses is in the pooling together of the needed resources which would lead to the development of a broader scope to be attained by the social entrepreneur (Yunus et al. 2010). This will no doubt strengthen the social entrepreneurs' capacity to liaise between government (and or business) and communities. Acting as go-between for the government and (or business) and communities will help in advancing the needs of the communities concerned; thus government and (or business) needs to provide social entrepreneurs with the requisite funding, training support, and infrastructure.

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