

Social Business Entrepreneurship in Cultural Paradigm

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Abstract

A lot of research has been going on in the field of social business entrepreneurship and various research models have been designed to come up with a viable framework for the entrepreneurs. With financial stresses all across the globe, governments and the private sector is more centered towards profit earnings and there is less focus on the provisioning of the social services businesses. However, the situation is not that bleak and many social entrepreneurs have come up with interesting business ideas to help the communities in a sustainable way. The problem with traditional businesses is that they are all centered towards earning profit abilities and generating more revenues. This in turn is because of the stakeholder's pressure of coming up with more profits. This results in the big business tycoons backing away for projects which have social impacts with no profitability's. hence they start looking at other business opportunities. Extensive work has been done in the field of SBE (Social Business Entrepreneurship) however cultural aspect to it has not been integrated. However, in order to start any social business entrepreneurship project, the cultural dimension needs to be studied as these social ventures will tend to fail without having any sustainability mechanisms in place which are very much culture dependent. This will eventually lead to the collapse of the noble intentions towards establishing social business entrepreneurships.

The research objectives of this paper relate to research and evaluation of social business entrepreneurship models, evaluation of cultural factors that influence social business entrepreneurship and the design of an innovative model integrating social business entrepreneurship with culture.

1. Introduction

A lot of research has been going on in the field of social business entrepreneurship and various research models have been designed to come up with a viable framework for the entrepreneurs. With financial stresses all across the globe, governments and the private sector is more centered towards profit earnings and there is less focus on the provisioning of the social services businesses. However, the situation is not that bleak and many social entrepreneurs have come up with interesting business ideas to help the communities in a sustainable way. The problem with traditional businesses is that they are all centered towards earning profit abilities and generating more revenues. This in turn is because of the stakeholder's pressure of coming up with more profits. This results in the big business tycoons backing away for projects which have social impacts with no profitability's. hence they start looking at other business opportunities.

Although social enterprises have been most researched upon subject for academicians however most academics agree that social

entrepreneurs are socially responsible, but they do not agree on modalities being used. Similarly, there are no agreements relating to how much profits a social entrepreneur can be entitled to. Some say that social entrepreneurs should have only a social purpose and that their social businesses should only be restricted to non-profit sector. Some object to the broader view of the matter, claiming that the main objectives of social entrepreneurs can be further developed by non-profit businesses on the one hand and companies that make a profit on the other. While others emphasize that social entrepreneurs must take a new business approach. Figure 1, shows the emergence of social entrepreneurship in different sectors.

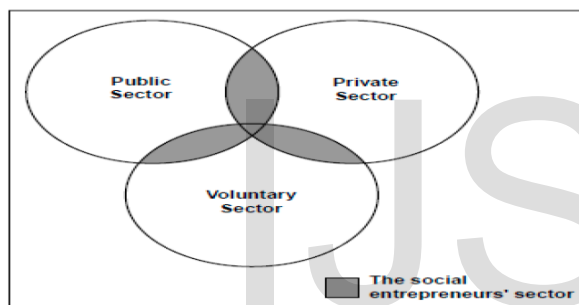


Figure 1: Social Entrepreneurship (SE) Sources
(Source: Leadbeater)

The concept of social entrepreneurship relates to as to how individuals, groups, start-ups can develop, support and implement the solutions centered towards achieving social, cultural, or environmental changes. Profiteers are more concerned about improving business metrics which include profits and revenue earnings. Social entrepreneurs, are bothered about profitability's nor do they have any profit motives. Social entrepreneurship has broader social, cultural and environmental goals which can be poverty alleviation, health care improvements and the social development.

A social entrepreneur in today's society offers a sort of self-sacrificing business that focuses on the advantages that society can enjoy.

When an individual's character or motives are impersonal, they show concern for the happiness and well-being of others. Thus entrepreneurship becomes a public goal which affects the community. The success of social enterprises depends on many factors associated with the social impact that traditional enterprises don't prioritize. Social entrepreneurs recognize the issues that exist in society, but they also want to know the broader context of the matter. Gaining a greater understanding of how the difficulty relates to society allows social entrepreneurs to make new solutions and mobilize existing resources to affect the larger global community. Unlike traditional businesses, social enterprises specialize in increasing profits to the satisfaction of society, instead of increasing profits. Support from civil society organizations, government agencies or the private sector, could encourage new ideas. Table 1 below social entrepreneurships ranges.

Place of Social Goals	Role of Commercial Exchange	Example
Enterprise goals are exclusively social	No commercial exchange	NGOs
Enterprise goals are exclusively social	Some commercial exchange, any profits directly to social benefit ('integrated') or in support of enterprise ('complementary')	Grameen Bank ('integrated'); Bangladesh Rural Advancement Committee printing press, cold storage, garment factory ('complementary'), Newman's Own
Enterprise goals are chiefly social, but not exclusively	Commercial exchange; profits in part to benefit entrepreneur and/or supporters	Missouri Home Care, Ciudad Salud
Social goals are prominent among other goals of the enterprise	Commercial exchange; profit-making to entrepreneur & others is strong objective	Ben & Jerry's
Social goals are among the goals of the enterprise, but subordinate to others	Commercial exchange; profit-making to entrepreneur & others is prominent or prime objective	Cause-branding; social objectives undertaken by corporations such as banks

Table 1: Social entrepreneurships Range
(Source: DOI: 10.1016/j.jwb.2005.10.007)

Traditions have been described as “a cohesive arrangement that divides members group or class from other people that are passed on from one generation to the next”. Cultural practices are practiced from an early age and are rarely altered during human life. Cultures are influenced by institutions, whereas they act as ‘man-made barriers to political, economic and social co-operation’.

Focus of this research is on Social Business Entrepreneurship in Cultural Paradigm. In

research, it is widely believed culture exhibits great effect on various aspects of trading. More research efforts are concerned with uncertainty avoidance and goes hand in hand with the spread of business ownership, while independence where the level of power and is closely related to business activity.

2. Problem Statement

Extensive work has been done in the field of SBE (Social Business Entrepreneurship) however cultural aspect to it has not been integrated. However, in order to start any social business entrepreneurship project, the cultural dimension needs to be studied as these social ventures will tend to fail without having any sustainability mechanisms in place which are very much culture dependent. This will eventually lead to the collapse of the noble intentions towards establishing social business entrepreneurships.

3. Literature Review

This section will review available literature on Social Business Entrepreneurship in Cultural Paradigm and “Employee Creativity”. Let’s now look at research conducted regarding development of entrepreneurship.

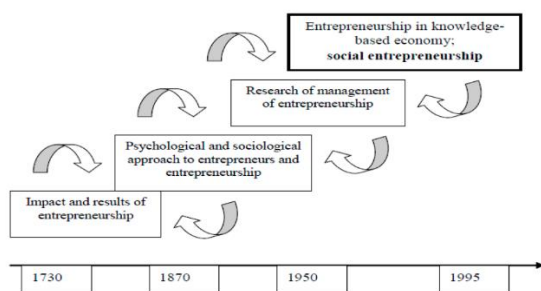


Figure 2: Entrepreneurship Research (ER) Development
(Source: Greblikaite, J.)

3.1 Social Business Entrepreneurship

Although social business enterprises are a well-liked subject for tutorial research, lots of scholars aim to define social enterprises in different ways (Dees, 1998; Peredo & McLean, 2006) The widely accepted definition is by (Hoogendoorn et al., 2010; Sullivan Mort, Weerawardena, & Carnegie, 2003) and (Dart, Clow, & Armstrong, 2010; Galera & Borzaga, 2009). Most academics agree that social entrepreneurs are socially responsible, but they do not agree on the methods that these entrepreneurs use.

Some researchers say that social entrepreneurs should only have social purpose (Dees, 1998; Defourny & Nyssens, 2008; Sharir and Lerner, 2006). Some claim that the most objectives of social entrepreneurs are often further developed identifying non-profit businesses on the one hand and corporations that make a profit on the other (Ashoka, 2013b; Austin, Stevenson, and Wei-Skillern, 2006; Elkington & Hartigan, 2008; Galera and Borzaga, 2009). Moreover, while others emphasize that social entrepreneurs must take a different business approach, others place little or no emphasis on this aspect (Defourny & Nyssens, 2008).

Zahra et al. (2009) provides comprehensive details of the proposed definitions. Social entrepreneurs are people that are involved in business related community activities. The formulated definition is broad and encompasses social activities including social or community service, and profit. Therefore, social business show integration with the concept of civil society organizations while inclusive businesses and organizations strive to realize a community purpose.

3.2 Culture and Entrepreneurship

Culture shape individual actions by grooming them towards values, standards and pattern of

actions as to how they conduct their lives (Stephan and Uhlaner, 2010). Cultures evolves all the time with influx of individuals from latest generations and resultantly cultures influence institutions (North, 1990). Different cultures exist at many varied levels (Stephan & Uhlaner, 2010). Firms, cities, countries and continents have some sort of cultural identity. Because culture can't be directly measured, the right balance of culture remains under debate (Hofstede, 1984; Stephan and Uhlaner, 2010).

The most famous attempt at a cultural mapping is given by Hofstede (1984), who analyzed data through survey of companies under IBM having their footprints in forty countries. He built 5 varied references; power distance, independence versus collectivism, masculinity versus femininity, uncertainty avoidance and long-term operations. Recently, these indices are criticized, because analysis may have errors with low indices (McSweeney, 2002).

World & European Value Survey is the latest cultural measurement effort using distributed surveys in nearly hundred countries. Inglehart (2000) and Schwartz (2006) formulated cultural references through this survey. Additionally, investigators create their own cultural dimensions as the researched upon data is free. During this study, a typical rating was used.

In business literature, it's acknowledged that culture features a profound effect on various aspects of trading (Hayton, George, and Zahra, 2002). More work so far deals with direction suggested by Hofstede (1984). The results depict that avoiding uncertainty goes hand in hand with spread of business ownership, independence, extent of power and masculinity are closely associated with commercial activities (Hofstede et al., 2004;

The Wennekers, Thorik, Van Stel, and Noorderhaven, 2010).

In addition, Uhlaner and Thurik (2007), using Inglehart's index of the four post-materialism concepts, shows post-materialism leads to negative impact on the overall business activities. Hayton et al. (2002) provides an in depth description of research on the consequences of culture on business.

4. Research Objectives

Following are the research objectives:

- a) Research and Evaluation of Social Business Entrepreneurship Models
- b) Evaluation of Cultural factors that influence Social Business Entrepreneurship
- c) Design of an innovative Model integrating Social Business Entrepreneurship with Culture

5. Research Questions

Research questions stem from the research objectives:

- a) Are the Social Business Entrepreneurship Models good enough to be adopted in the ever changing business and cultural environment?
- b) Does culture have any effect on social entrepreneurship business interventions?
- c) Is there any generic model available which can integrate the culture impacts on social business entrepreneurship?

6. Research Hypothesis

In order to come up with the research hypothesis, the researcher looked at various

existing models in place before coming up with his own theoretical model.

Quadruple helix model is shown below;

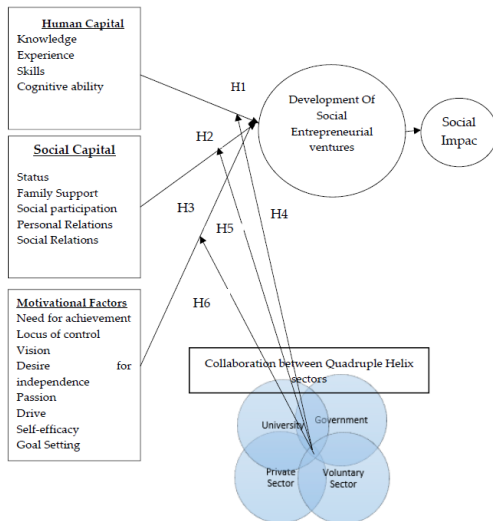


Figure 3: Development of Entrepreneurship Research
(Source: Iqbal, Jawad & Kousar, Shakeela & Hameed, Waseem. 2018)

In the above model, collaboration moderate's positive relationship between human capital, motivational factors, development of sustainable social entrepreneurial ventures and social capital. Dimensions of Cultural Differences and their effects were analyzed by comparison of cultural characteristics by the use of GLOBE 2004 study data.

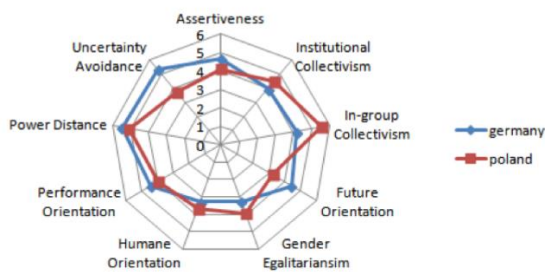


Figure 4: Comparison: Cultural Characteristics (Germany & Poland) - GLOBE 2004 study
(Source: GLOBE 2004 study, John and Lynn Bruton. 2021)

GLOBE project, included one hundred and seventy thousand managers in one hundred and sixty-two countries by identifying nine dimensions that describe differences in

national cultures. These dimensions are shown in figure 4. The cultural manifestations researched upon by globe are shown below;

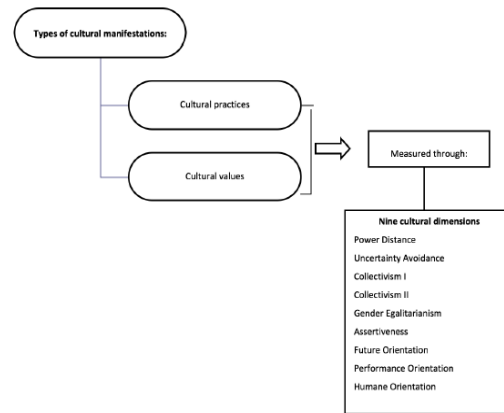


Figure 5: Types of Cultural Manifestations
(Source: GLOBE 2004)

Another relevant social business entrepreneurship model was inspired from a model developed by Professor Rob John in collaboration with Skoll Center for Social Entrepreneurship and Oxford Said Business School. It was further researched upon by Crisan-Mitra, Catalina & Borza, Anca. (2012). The conceived model is shown below;

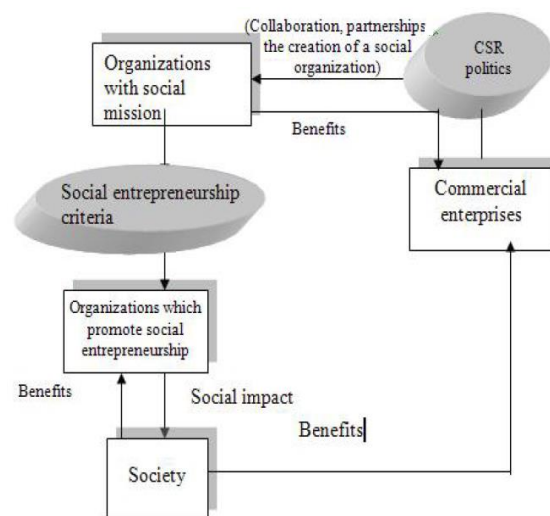


Figure 6: Social Cultural Entrepreneurship Model
(Source: Crisan-Mitra, Catalina & Borza, Anca. 2012)

By studying the above models, the researcher designed an innovative model which integrated social business entrepreneurship within the cultural paradigms. The conceived model is shown below followed by the development of the hypothesis.

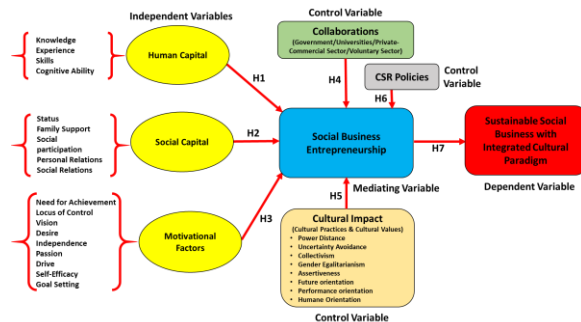


Figure 7: Conceived Conceptualized Theoretical Model

Based on the conceived conceptualized theoretical model, following hypothesis are developed.

H1: Effective Human Capital positively ensures success of social business entrepreneurship.

H2: Social Capital positively impacts social business entrepreneurship

H3: Motivational factors are must for successful social business entrepreneurship venture.

H4: Collaborations between Government, Universities, Private, Commercial and Voluntary Sectors lead to successful social business entrepreneurship ventures.

H5: Culture has a strong impact on social business entrepreneurship.

H6: Corporate Social Responsibility (CSR) polices are a must for social business entrepreneurship.

H7: Social Business Entrepreneurship, backed by sustainable Human and Social

Capital and other motivational factors, when controlled by cultural factors, collaborations and CR polices lead to achieving a Sustainable Social Business with Integrated Cultural Paradigm.

7. Significance of Research

No previous research has been done which specifically integrates the cultural paradigm into the social business entrepreneurship implementations. Hence it is significant in a sense that it is unique.

8. Research Methodology

This research is based on study, nature, population, sampling, data collection and analysis. A brief overview is given in succeeding lines.

8.1 Research Design

This study is based on the deductive approach. Methodology, which will be used in this research, is cross sectional and quantitative in nature. Survey questionnaires will be used for collection of data.

8.2 Unit of Analysis

Unit of analysis is entity which being analyze during the empirical research study. Here unit of analysis is social entrepreneurs, who have started their own businesses and are directed towards social development by using social corporate responsibility as their main driving force towards achieving social business success.

8.3 Population and Sampling Frame

The set of cases from which the samples are drawn is referred to as population (Saunders, 2011). In countries such as Pakistan, the exact no of social business entrepreneurs is

less in numbers hence the sample size will be selected with care.

8.4 Sample Size

Item response theory was used to determine sample size which suggests multiplying the number of questions with the number 10. The resultant number is the required sample size.

8.5 Sampling Technique

Convenience sampling is used for this study. Convenience sampling is based on the convenience and ease of the researcher in data collection. Specific respondents will be chosen for data collection so that the sample may represent the true characteristics of the intended social business entrepreneur individuals/population.

8.6 Independent Variable

Following are the three independent variables:

- a) Human Capital
- b) Social Capital
- c) Motivational Factors

8.7 Dependent Variable

Sustainable Social Business with Integrated Cultural Paradigm.

8.8 Control Variables

Following are the three control variables:

- a) Cultural Impact
- b) Collaborations
- c) Corporate Social Responsibilities (CSR) Policies

8.9 Mediating Variable

Social Business Entrepreneurship.

8.10 Variables' Measurement

All the main variables were measured through five-point Likert scale.

8.11 Data Analysis

The study used SPSS for the data analysis. The descriptive statistics such as mean and standard deviations were measured with SPSS. Also Cronbach's alphas and correlations were calculated with SPSS. Regression Analysis for hypothesis testing was done.

Conclusion

The conclusion of the research contribution led to the validation of the conceived model. This model can be implemented by any organization with slight adjustments to suit the organization infrastructure.

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