

# Solving the Social Problems of the Community Through the Contribution of Social Entrepreneurship

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## Abstract

*This study investigates the process of forming social entrepreneurship, its capacity to make the connection between social values and the economic environment for the overcoming the potential as a process, in which the existing opportunities are stimulated on the Romanian market and the current social changes, the setting up of the organizations with a social mission to meet their human resources and social needs.*

**Key words:** social entrepreneurship, changing social economy, social enterprises, social value, ecosystem

**J.E.L. classification:** L21, L36

## 1. Introduction

Social entrepreneurship and social economy are gaining increasing integrity and importance nowadays, both nationally and globally with an inclination similar to the public and private sectors. The characteristics of social enterprises in creating social value and, consequently, in generating positive changes in the lives of members of local communities are based on the underlying reasons for social entrepreneurship.

The way of doing business looking beyond profit, with the objective of solving society's problems, is social entrepreneurship in our view. In my opinion, in the case of social entrepreneurs, or founders, who carry out activities, there should nevertheless be a relationship between social entrepreneurship projects and the degree that generates profit.

Romania has participated in the global competition for entrepreneurship with social impact since 2015, along with other participating countries "The Venture", launched by Chivas, where Romanian businessmen competed with entrepreneurs from around the world in the race for the prize, namely, *the million dollars*, and they are a great business opportunity, especially for young entrepreneurs, and they generate a change for the better in Romania. *The Chivas Venture* give them the opportunity to share their vision globally and change the world with the help of their business.

In Romania, the area is at its start and practitioners often face barriers such as ambiguities in the legislative system or lack of financial resources, the competition "The Venture" is an opportunity for socially-impact businesses, where the young social entrepreneurs are people who create and find innovative solutions to the greatest societal challenges: social, cultural, economic or environmental, and then develop them to receive financial support and aim for international recognition.

## 2. Literature review: Conceptual delineations regarding social entrepreneurship

The process of creating value has a major importance within entrepreneurship (Alvarez and Barney, 2007). A theme of great interest for scientists is deciphering this statement at the social entrepreneurship level within such domains as management and entrepreneurship. (Austin, et al, 2006), as well as the business press (Gangemi, 2006) for enterprises and political decision factors.

Social entrepreneurship can be characterized as a mechanism oriented to social and environmental problem-solving, in an innovative approach, in a transparent manner that aims at obtaining an impact on society ( Bornstein, 2005).

The identification of practical solutions for social problems using resources aiming at valuing opportunities through the identification of social problems and turning them into business opportunities (Korosec and Berman, 2006), all these represent objective of social entrepreneurship.

To generate social impact we need innovative methods and strategies or alternative management models to create social value.

Reaching sustainability and even financial autonomy through the development of a model starting from the approaches of social entrepreneurship is a promising solution for the flaws of the capitalist system. However, we consider that social entrepreneurship can be easily interpreted as being a too idealistic one.

Among the organizations with social missions, business abilities and competences are not considered necessary, which a totally erroneous aspect. An organization will enrich its independence while increasing its capacity to provide quality goods and services, as long as it uses marketing techniques in a highly creative manner and the advantages given by technology for the benefit of progress etc.

As compared to a traditional non-profit organization, which considers entrepreneurial activity as not being a necessity, for a social enterprise, the business activity holds an importance place within its mission.

Social entrepreneurship has various forms, being regarded as an independent example or as an evolutionary process, marking the cross from a traditional non-profit organization (dependent), to an example of a social enterprise (independent).

Social entrepreneurship is associated with philanthropy, while other researchers keep in mind broader definitions, which present social entrepreneurship in the shape of persons or organizations involved in entrepreneurial activities with a social objective, Therefore, such major differences in terminology make the legitimate status of the domain difficult (Nielsen and Rao, 1987).

### **3. Research methodology**

This article has examined the development of social entrepreneurship at local and national level. The aim of research was to highlight the situation created in the country regarding social entrepreneurship, business practices and economic consolidation, with appropriate solutions to drive the national economy toward sustainable development. This research focused on consulting national and foreign literature, as well as analyzing statistical data. That research was based on the following methods: comparative method, analysis, synthesis, induction and abduction, quantitative analysis.

For this article we have used a diagnostic analysis of social entrepreneurship development (with the presentation of the existent situation and indicating the possibilities for local companies development), as well as a consultation of specific biography on the topic from previous years, with the use of statistic data put together for Romania, based on which we have identified social problems and its solutions. We have consulted materials on the situation of existent entrepreneurs, identifying positive and negative changes throughout the years, and, as a main objective, we have set up to come up with strategies in social entrepreneurship development.

### **4. How does social entrepreneurship and entrepreneurship look in Romania?**

*Why social entrepreneurship?*

- Because it is one of the solutions our country needs;
- Because every social product is worth promoting as such;
- Because `sharing is caring`.

The social value, significant of entrepreneurship, represents for the employee, the salary and the company in which they work, for entrepreneurs, the financial data of the business, employees, the social relationships established with clients, partners, the press - the specialists in the field. The

misapplication of stereotypes makes it possible for entrepreneurs to rank themselves solely on the basis of their capital value, and, in fact, to play a role in the abovementioned five assessment criteria, involving quite different qualities, knowledge, skills and abilities, and to have them at least at a minimum, it is mandatory for entrepreneurs to be effective and to make a profit.

Through their roles, entrepreneurs have a major influence on the others around them, on the community in which the business is located. While one in five young people is an entrepreneur, the other four have jobs, as unemployment is a worrying problem in many world economies, entrepreneurship is regarded as a viable solution. In order to stimulate the development of business activity, the first step to be taken is to understand the complexity of national ecosystems and their specific characteristics.

The resources used by the entrepreneur (human, transport, communications, public services) are provided by and through the local Community, business cannot operate outside the local community, entrepreneurs' businesses also have a vital influence on the community through the employment offered, local taxes and charges, products and services marketed.

The more entrepreneurs and businesses in a local community, the higher the standard of living of the inhabitants and the level of economic and social development.

From the point of view of entrepreneurial intentions, Romanian entrepreneurship looks surprisingly good, according to data provided by the Global Entrepreneurship Monitor and the European Commission, Romania is the first country in the European Union, with 72% of Romanians saying they want to go on their own. This percentage is more than twice the average recorded in the European Union.

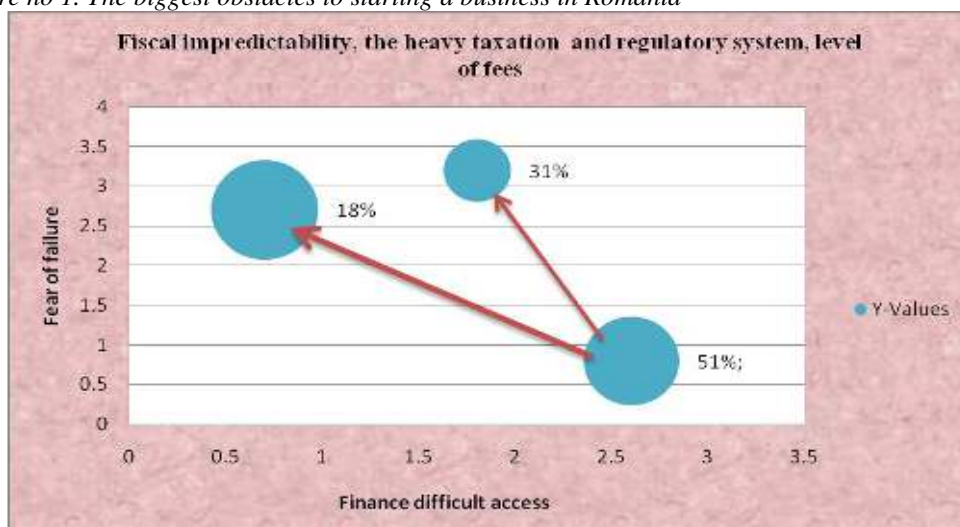
We are also among the first countries when it comes to how entrepreneurship is seen in society. 71% of Romanians consider entrepreneurship as an excellent career alternative, compared to only 58% of Europeans, while 74% of the Romanian population consider entrepreneurs to have a privileged status in society compared to 45% of Europeans! Social entrepreneurs focus on social change and innovation that can bring the well-being of society. They can be Community leaders, non-profit activists, government employees who consider entrepreneurship at the individual level to be an eminently necessary element in their efforts to achieve social objectives.

When it comes to entrepreneurs perception of existing opportunities, entrepreneurship is well developed, with predictions favorable to growth, its own companies: 48% of start-ups estimated in 2018-2020 that they would employ at least 5 people over the next 5 years and that international targeting and innovation of the products and services developed would increase over the next few years.

At the end of 2018-2019, 56% of start-ups said they were innovating at product level, while 41% said at least a quarter of the business was directed to customers outside the country.

Obstacles in the vision of entrepreneurs, in starting and developing a business are:

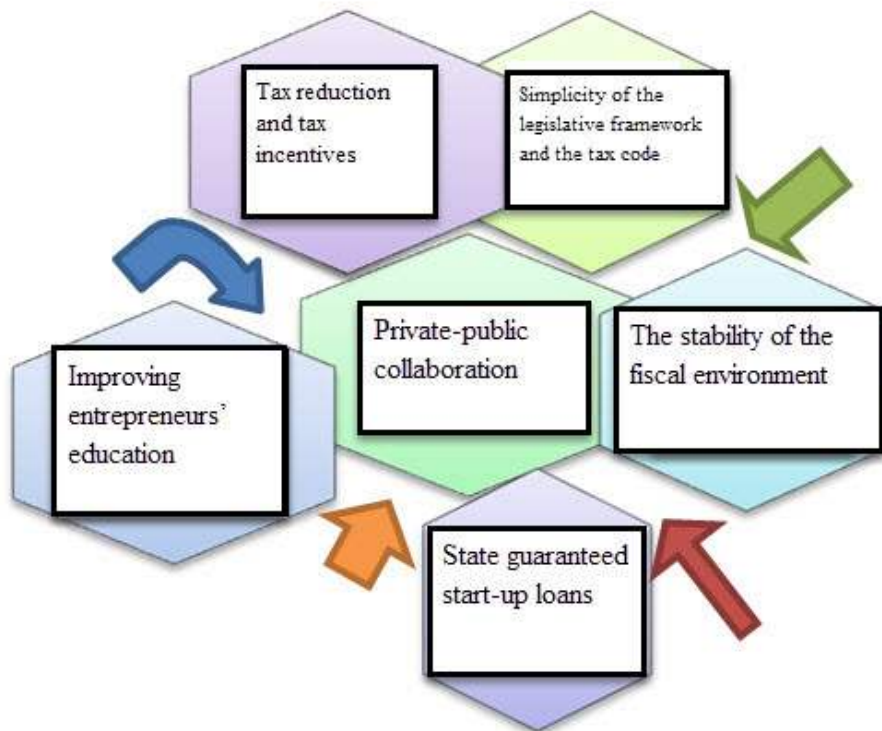
Figure no 1. The biggest obstacles to starting a business in Romania



Source: Created by author after “Entrepreneurs speak” 2019

In the opinion of Romanian entrepreneurs, **top 6 measures** that would support the development of Romanian business in the short term are seen Figure 2.

Figure no. 2 Measures for supporting the development of Romanian business in the short term



Source: Created by author after "Entrepreneurs speak" 2019

*Social entrepreneurs would offer in communities where they work:*

- ✓ **New services and goods which the society needs.** Through innovation, social entrepreneurship creates services and goods to address social problems such as illiteracy, poverty and alcohol abuse, etc.
- ✓ **More jobs.** Employment opportunities for disadvantaged groups and jobs are an important factor created by social entrepreneurs, and so businesses link the unemployed and the labor market.
- ✓ **The creation of social capital.** This meets long-term economic and social development.

## 5. Social entrepreneurship is the solution for a sustainable economy

For a sustainable economy, a first perspective could be presented, as the implementation of commercial practices in the non-profit sector, a phenomenon which in the last five years has also started to take root in Romania, refers to those businesses that have a purpose other than profit, one example would be to give work to people who would hardly be able to get into a typical company: very poor people or over 50 years, people with different disabilities, single mothers, or Roma people. A social business covers its expenditure from registered revenue, often giving non-profit organizations the opportunity to access the know-how and facilities of a profit-oriented model, compared to the NGO living from donations, which can die if it doesn't find funding.

An opportunity for non-profit organizations, by business practices, is to get additional resources from exploiting products/services from their activities, which can lead to self-sustainability and financial autonomy (Dees, 1998 a), while requiring the implementation of good business practices at social organization level, through control mechanisms, strategic planning results in truthful, efficient and viable programs. The social economy's role in society is the sector's capacity to find innovative solutions to economic, social and environmental challenges by developing jobs,

implementing social inclusion actions, improving services at local level, the fight against poverty and community development.

Three international ideas for social entrepreneurship that can inspire:

a. **Biolite** is a start-up that uses thermoelectric technology to make wood-based stoves as safe as possible. It is surprising that these mini-stoves can be used to charge the phone. Biolite worked with Johnson, Hewlett Packard and Nikeon energy efficiency. These compact and cheap mini-stoves make cooking easier not only for those who are interested in camping, who can take it with them on a hiking road, but also for families with financial problems living in countries in the 3rd World.

b. **TheJamble** helps create collaborations between people who want to develop projects or put different ideas into practice. The online community is useful to those who have start-up ideas and need experienced collaborators who could help them develop their ideas.

c. **Terracycle** is a company that wants to change the recycling industry, making it much easier to recycle products such as toothbrushes, bags or bottles. Consumers can leave waste themselves directly at the company and earn credits that can be converted into money or donated to non-profit organizations.

**Two social entrepreneurship ideas** from Romania awarded at the Social impact Award:

a. **Upside Down** is an environmental project based on the concept of recycling materials that would otherwise turn into waste. In recycling products, tins are made of wallets and car tires, women's bags and other products participating in a design competition, displayed and offered for sale at fairs and in small shops to take feedback directly from customers, to improve the product or sales strategy.

b. **Get-together** is a project that provides an initiative to build on traditions and elements of the country by reconnecting the inhabitants of cities to popular traditions by organizing seat. Such large-scale events can also represent an additional source of income for members of rural communities, as well as a perspective for the harmonious economic development of the Romanian village.

More and more organizations and businesses are fighting for decent living conditions for different communities around the world in different fields. Through innovative ideas, ambitious projects and with the help of different companies or state structures, entrepreneurs engage in business development, help solve societal problems, and people in difficult situations get to be given essential help through the business.

## 6. Conclusions

Following this research by studying literature, their sites in the field, and the perception of current and potential entrepreneurs' own opinions, I have found that most young people in rural areas are more enthusiastic about opening up a local business, than those in urban areas, they want to start a business in traditional areas - agriculture, trade, service provision and IT.

The desire to achieve financial independence is the key motivation for potential entrepreneurs in opening up their own businesses. The main barriers encountered are: lack of money, the current political situation in the country, competition, bureaucracy, high taxes, lack of support, lack of information, corruption or state obstacles.

A possible solution to the problems of the state would be aid in the form of subsidies, lower taxes, changes in legislation in the field, courses and business trends, advantageous credits, and stabilization of the political situation.

Preferred training methods include practical training, such as voluntary internships in companies, or the teaching by people with practical experience of *good practice* in a company.

Young people who want to start a business say they feel the greatest lack of knowledge in the field of accounting and legislation (for example, focus groups mentioned that it would be good for young entrepreneurs to know the procedure for opening a business, to know what types of documents they need to prepare, to be trained in export-import to be able to cope without the help of brokers, which are expensive).

Corporate social responsibility is considered to be the firm obligation, beyond legal obligations or economic restrictions, to pursue long-term objectives that benefit owners (shareholders), consumers, suppliers, employees, government bodies, creditors, local community, public opinion.

During training and further training, young people participate in civic activities, which develop skills to identify problems for people from vulnerable social backgrounds or a community and their willingness to engage in addressing them.

Creativity, desire for change and skills in technology and communications are assets of a social entrepreneur, who, depending on the training, addresses the field in which he will grow his business.

Social entrepreneurship can solve problems, which affect society in general, cannot be solved by private firms because the benefits are not immediate and large or state, lack the necessary financial resources and/or human resource.

In agriculture, an example can be an irrigation system that makes agriculture more efficient in a form of association. A system that would save many families from poverty in Tulcea, Brăila, Constanța, Galați and implicitly the pressure on the state budget with social workers. Land productivity would influence the quality and price of products by exploiting the local water resources.

Social entrepreneurship can also be applied in the areas of: rural development or disadvantaged areas through the use of human and natural resources in innovative businesses that generate jobs and benefits for the community. Rethinking traditional businesses, introducing advanced technologies in the processing and marketing of products with a view to increasing their competitiveness on the national and international markets are of paramount importance.

In any area, the challenges are much bigger and more complex in social entrepreneurship, but the benefits are also as high as the efforts.

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