

Entrepreneurship in Family Business: Emerging Storyline 2

Zoheir Ezziane, Elias Mazzawi, and Benoit Leleux

Abstract—Entrepreneurship is a major economic driver in the world. It leads to create jobs as well as wealth. Very little is known about how family businesses ensure that entrepreneurial activity flourishes during the next generations. This paper discusses and analyzes the overlap between family business and entrepreneurship and possibilities of how family businesses initiate entrepreneurial activities. Many interviews were conducted with family business leaders so to understand the nature this engagement. This paper also illustrates and summarizes other cases that lead to valuable lessons and patterns observed in family businesses and how it interacts with entrepreneurship.

Index Terms—Family business, entrepreneurship, wealth management.

I. INTRODUCTION

The family business literature covers extensively issues surrounding succession and transmission of the family businesses, focusing for example on governance and wealth management for sustainability. One aspect that so far failed to attract much attention is the transmission of the entrepreneurial orientation in these family businesses. Anecdotal evidence abounds as to the inability of succeeding generations to maintain the entrepreneurial drive of the founder. In a 2006 study conducted for the European Venture Capital Association, Leleux and Schwass [1] showed for example that the single family office's willingness to invest in private equity and venture capital was very much inversely correlated to the generational distance to the entrepreneurial founder. In other words, the evidence supported a material drop in the percentage of the investable wealth of the family invested in the riskier asset class when the entrepreneurial founder died. The following generations seemed to have a very hard time perpetuating the entrepreneurial drive of their forefathers.

Even though a definition of a family business is highly contextual, however, it is possible to say that a family business refers to a company where the voting majority is in the hands of the controlling family; including the founder(s)

who intend to pass the business on to their descendants [2]. Fig. 1 represents the intersection of entrepreneurship, family business, and succession.

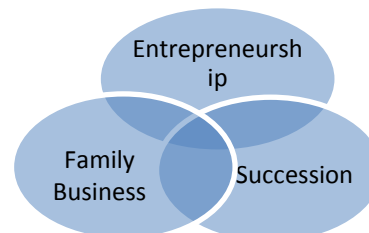


Fig. 1. Entrepreneurship, family business and succession.

The overlaps between the main areas are interesting to investigate and especially the overlap entrepreneurship, family business and succession. Kets de Vries [3] reports that about the 33% of family businesses survive the first generation and only 10% make it past the third generation. Similarly, Astrachan and Shanker [4] showcase that 33% of family business founders make it to the second generation, 12% reach the third generation, and only 3% will reach fourth generation.

The longevity of some family businesses is a phenomenon that has fascinated researchers for decades. Some have advanced that to survive over the long term the family firm must be managed with a clear vision of the future of the business and with the intention to pass it on to the next generation [5]. Others focused on the necessity for the family to nurture a shared sense of community between the members of the family and a common desire to remain in business [6]. Some have explored how great family businesses have balanced the needs of the family and those of the business, viewing the equilibrium between these contradictory forces as the key to survival [7].

This paper attempts to follow the footsteps of Zellweger and Sieger [8] that looked at the capacity of the long-lived family firm to maintain an entrepreneurial orientation, or those of Aronoff [9] that focused on the ability of the firm to keep a solid family organization and a good governance structure. The concept of organizational resilience has not been applied much to the study of family businesses, except maybe in Danes et al. [10].

II. BACKGROUND

It is of interest to note that, except for the paper of Danes *et al.* [10], the concept of organizational resilience has not been applied much to the study of family businesses, despite the fact that “sustainability” has garnered a great deal of attention. For example, little seems to be known as to the mechanisms that can insure a proper transmission of the entrepreneurial orientation and talent. Particularly of interest

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will be, in the words of Begin and Chabaud [11], the 'renewal capacity' of the firm, i.e. its ability to act and to devise innovative solutions to meet unusual situations [12]. The 'renewal capacity' is made of inventiveness and innovation, in line with the more generic concepts of the firm's entrepreneurial orientation [13] and the process of strategic regeneration [14], stressing that the organization seeks to develop new activities and / or to restructure existing activities. Based on family entrepreneurship, the renewal capacity suggests looking for opportunities, but also to leave room for initiative taking, innovation and experimentation with new ways of doing things [12].

Following Stopford and Baden-Fuller [14], the emphasis will be put on a few key factors: (1) pro-activity in research opportunities, (2) aspirations that go beyond the current capacity, (3) the mobilization of the management team and employees.

Another related approach is the recent work of Parada et al. [15] motivated by the apparent over-focus of empirical studies on the "bright side" of family involvement [16] showing how these resources lead to competitive advantage and thus become an "asset" over time for the family business. The authors show that family firms heavily rely on active involvement of the founder as CEO, showing entrepreneurial behavior becoming a key resource and competitive advantage. Entrepreneurial behavior was defined as the extent to which firms, through behavior of individuals and teams, increase new product development, facilitate new business creation, and reenergize existing operations [17], as well as their propensity to take risks, to be innovative and to be proactive [18], recognizing opportunities and acting quickly to seize them [19]. Over time these resources can become a "liability", losing the entrepreneurial capacity on the firm level, especially in generational transitions as family and business complexity tend to increase.

This work would seek to investigate the transmission of the entrepreneurial orientation and talent to the next generations in the Arabian Gulf region, focusing in particular on learning mechanisms put in place to offer the next generation opportunities to learn and test their entrepreneurial bends.

III. RESULTS, ANALYSIS AND DISCUSSION

A. *Facts about Family Business in the Arabian Gulf*

- Family businesses are the main drivers of economic activity, growth and sustainability in many economies all over the world. Davis, Pitss, and Cornier [20] show that family businesses include most of the private sectors of the Gulf economies and represent more than 90 percent of the entire commercial activities in the Gulf Cooperation Council (GCC).
- According to regional experts, family businesses comprise most of the private sectors of the Gulf economies [20]. They also account for over 90 percent of all commercial activities in the GCC, compared to rates ranging from 65 to 80 percent in other regions of the world.

- Osama Al Rahma, Director at Al Fardan Group which is one of the family-owned business conglomerates in the United Arab Emirates (UAE), speaking at the Family Business Forum of the Internal Audit Festival [21] mentioned that only 15% of family businesses in the UAE would be able to survive the third generation due to the lack of governance structure.
- Sameer Huda, Head of Corporate at Hadeef & Partners in the UAE, speaking at the managing family business workshop in Dubai Chamber [22] argued that "The Middle East is no different from the rest of the world in that dynamic and capable business people establish businesses, some of which have grown to be quite substantial. There is a significant amount of evidence to indicate that a very low percentage of family businesses successfully transition to the second generation, and far fewer manage to survive to the third generation. Those that do survive and thrive tend to have addressed family governance, succession planning, corporate structuring and corporate governance in some meaningful manner
- Family businesses are considered a key economic driver in the GCC. According to the Dubai International Financial Center, family businesses control more than 90 percent of all commercial activities. The number of these firms was estimated at 5000 holding combined assets of more than \$500 billion, and employ about 70 percent of the workforce. In addition, Nasser Said, DIFC Chief Economist pointed out that families hold two-thirds of the boards of UAE listed companies where multiple family members on the board of same company [23].

B. *Interview Results*

To date we have interviewed a handful of companies, in Dubai. We have some interesting initial findings. A number of observations that resulted from our interviews are as under:

- A range of views on the importance of entrepreneurship over the next decade. Companies have very different strategic aspirations.
 - 1) At the most conservative, companies are seeking to preserve cash and maintain their current positions.
 - 2) Others are looking to float the businesses on the public markets when conditions are favorable.
 - 3) These attitudes drive both attitude and approach to entrepreneurship, and to the importance of generational transition of entrepreneurship.
- In some cases, a lack of clarity on who is responsible for entrepreneurship. We encountered the following situations during our interviews:
 - 1) In one organization, the real driver of entrepreneurship is the founder. This is then passed to a corporate development unit to review and develop strategic initiatives.
 - 2) We have seen a corporate venturing unit, to incubate and develop businesses linked to the core family business. Run as an in-house private equity unit. Typically early stage strategic diversifications, likely to

have a 'cap' on potential scale – of a relatively small percentage of the overall business.

- 3) In another, entrepreneurship is implicitly (not explicitly) passed to the annual budget / planning process. Family members, who run operating units, put forward their plans to grow the business. Limited ambition entrepreneurship – extensions from current business not step-change expansion / diversification.
- 4) In another, the emphasis seems to be a mix of entrepreneurship through the family office – acquiring 'challenged' companies and some through the core business where there is a direct link to core business activity.
- 5) In another, entrepreneurship seems to be translated into increasingly challenging targets for the core business rather than diversification geographically or by product. This is passed to existing management, irrespective of generation.

We have so far heard limited focus on generational change and entrepreneurship. We don't have a clear picture emerging of how the linkage between 'family' and 'employed' management and the business will play out as generations change. Perhaps this will, in part, be determined by how business ownership changes as companies IPO, when practical.

We are forming an impression of 'command and control' management structures – with tightly held reins in the hands of the founding generation. With an impression that the founding generation remains in the business beyond typical Western retirement age. And thus maintaining very strong influence over the business. Potentially implying that true generational transition takes place when the 'heirs' are perhaps older than business leaders in the West?

We would like to investigate the extent to which succeeding generations take on 'staff' roles such as corporate development, sales/business development, geographic expansion roles (as MDs of businesses expanding into new geographies), or diversification / expansion roles (again as MDs). To date, we have not found substantial examples of succeeding generations taking on these roles, in an actively/ambitiously entrepreneurial environment.

We have been told that the 'in principle' approach for a specific firm is for family members to be given an opportunity to test the waters and their leadership skills through leading one of the family business projects. Subsequently, if a reasonable success comes out of this experience, then this person would be given the opportunity not only to be part of the family business executive council but also shape up the vision of the entire family business. We do not have specific examples to refer to – to better understand how this is shaped and what results have been.

V. CONCLUSION

Businesses in general should have a corporate governance structure to foster viability and sustainability. The role of governance structure and its impact on family businesses control the type of entrepreneurship which could be planned and conducted. This opens up an opportunity to investigate

the correlation between the type of family governance system and the entrepreneurship drive in the family business.

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Women Entrepreneurship Development in India

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Abstract

Women entrepreneurship development is an essential part of human resource development. The development of women entrepreneurship is very low in India, especially in the rural areas. Entrepreneurship amongst women has been a recent concern. Women have become aware of their existence their rights and their work situation. However, women of middle class are not too eager to alter their role in fear of social backlash. The progress is more visible among upper class families in urban cities.

This paper focuses on women entrepreneur. Any understanding of Indian women, of their identity, and especially of their role taking and breaking new paths, will be incomplete without a walk down the corridors of Indian history where women have lived and internalized various role models.

1. Introduction

The Indian economy has been witnessing a drastic change since mid -1991, with new policies of economic liberalization, globalization and privatization initiated by the Indian government. India has great entrepreneurial potential. At present, women involvement in economic activities is marked by a low work participation rate, excessive concentration in the unorganized sector and employment in less skilled jobs.

Any strategy aimed at economic development will be lop-sided without involving women who constitute half of the world population. Evidence has unequivocally established that entrepreneurial spirit is not a male prerogative. Women entrepreneurship has gained momentum in the last three decades with the increase in the number of women enterprises and their substantive contribution to economic growth. The industrial performance of Asia-Pacific region propelled by Foreign Direct Investment, technological innovations and manufactured exports has brought a wide range of economic and social opportunities to women entrepreneurs.

In this dynamic world, women entrepreneurs are an important part of the global quest for sustained economic development and social progress. In India, though women have played a key role in the society, their entrepreneurial ability has not been properly tapped due to the lower status of women in the society. It is only from the Fifth Five Year Plan (1974-78) onwards that their role has been explicitly recognized with a marked shift in the approach from women welfare to women development and empowerment. The development of women entrepreneurship has become an important aspect of our plan priorities. Several policies and programmes are being implemented for the development of women entrepreneurship in India.

There is a need for changing the mindset towards women so as to give equal rights as enshrined in the constitution. The progress towards gender equality is slow and is partly due to the failure to attach money to policy commitments. In the words of president APJ Abdul Kalam "empowering women is a prerequisite for creating a good nation, when women are empowered, society with stability is assured. Empowerment of women is essential as their thoughts and their value systems lead to the development of a good family, good society and ultimately a good nation."

When a woman is empowered it does not mean that another individual becomes powerless or is having less power. On the contrary, if a woman is empowered her competencies towards decision-making will surely influence her family's behavior.

In advanced countries, there is a phenomenon of increase in the number of self-employed women after the world war II. In USA, women own 25% of all business, even though their sales on an average are less than two-fifths of those of other small business. In Canada, women own one-third of small business and in France it is one-fifth.

2. Concept of Entrepreneur

An entrepreneur is a person who combines capital and labor for production. According to Cantillion "entrepreneur is the agent who buys means of production at certain prices, in order to sell at prices that are certain at the moment at which he commits himself to his cost". According to P.F Drucker "he is one who always (1) searches for change (2) responds to it (3) exploits it as an opportunity."

3. Concept of Women Entrepreneur

A woman entrepreneur is a woman who starts and owns and enterprise by investing at least 51% in an enterprise.

4. Categories of Women Entrepreneurs

- Women in organized & unorganized sector
- Women in traditional & modern industries
- Women in urban & rural areas

- Women in large scale and small scale industries.
- Single women and joint venture.

5. Categories of Women Entrepreneurs in Practice in India

- **First Category**
 - Established in big cities
 - Having higher level technical & professional qualifications
 - Nontraditional Items
 - Sound financial positions
- **Second Category**
 - Established in cities and towns
 - Having sufficient education
 - Both traditional and nontraditional items
 - Undertaking women services-kindergarten, crèches, beauty parlors, health clinic etc
- **Third Category**
 - Illiterate women
 - Financially weak
 - Involved in family business such as Agriculture, Horticulture, Animal Husbandry, Dairy, Fisheries, Agro Forestry, Handloom, Power loom etc.

6. Supportive Measures for Women's Economic Activities and Entrepreneurship

- Direct & indirect financial support
- Technological training and awards
- Federations and associations

6.1 Direct & Indirect Financial Support

- Nationalized banks
- State finance corporation
- State industrial development corporation
- District industries centers
- Differential rate schemes
- Mahila Udyog Nidhi scheme
- Small Industries Development Bank of India (SIDBI)
- State Small Industrial Development Corporations (SSIDCs)

6.2 Technological Training and Awards

- Stree Shakti Package by SBI
- Entrepreneurship Development Institute of India
- Trade Related Entrepreneurship Assistance and Development (TREAD)
- National Institute of Small Business Extension Training (NSIBET)
- Women's University of Mumbai

6.3 Federations and Associations

- National Alliance of Young Entrepreneurs (NAYE)
- India Council of Women Entrepreneurs, New Delhi
- Self Employed Women's Association (SEWA)
- Association of Women Entrepreneurs of Karnataka (AWEK)
- World Association of Women Entrepreneurs (WAWA)
- Associated Country Women of the World (ACWW)

6.4 Women Work Participation

Country	Percentage
India (1970-1971)	14.2
India (1980-1981)	19.7
India (1990-1991)	22.3
India (2000-2001)	31.6
USA	45
UK	43
Indonesia	40
Sri Lanka	35
Brazil	35

6.5 Some Examples

Mahila Grah Udyog – 7 ladies started in 1959

Lizzat Pappad, Lakme – Simon Tata

Shipping corporation – Mrs. Sumati Morarji

Herbal Heritage– Ms. Shahnaz Hussain

Balaji films- Ekta Kapoor

Kiran Mazumdar - Bio-technology

7. Problems of Women Entrepreneurs in India

Women in India are faced many problems to get ahead their life in business. A few problems can be detailed as;

1. The greatest deterrent to women entrepreneurs is that they are women. A kind of patriarchal – male dominant social order is the building block to them in

their way towards business success. Male members think it a big risk financing the ventures run by women.

2. The financial institutions are skeptical about the entrepreneurial abilities of women. The bankers consider women loonies as higher risk than men loonies.
3. The women entrepreneurs are suffering from inadequate financial resources and working capital. The women entrepreneurs lack access to external funds due to their inability to provide tangible security. Very few women have the tangible property in hand.
4. Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business" (Starcher,)
5. The business success is depends on the support the family members. The interest of the family members is a determinant factor in the realization of women folk business aspirations.

8. Ways to Develop Women Entrepreneurs

1. Consider women as specific target group for all developmental programmers.
2. Better educational facilities and schemes should be extended to women folk from government part.
3. Adequate training program on management skills to be provided to women community.
4. Encourage women's participation in decision-making.
5. Vocational training to be extended to women community that enables them to understand the production process and production management.

9. Conclusion

Entrepreneurship among women, no doubt improves the wealth of the nation in general and of the family in particular. Women today are more willing to take up activities that were once considered the preserve of men, and have proved that they are second to no one with respect to contribution to the growth of the economy. Women entrepreneurship must be moulded properly with entrepreneurial traits and skills to meet the changes in trends, challenges global markets and also be competent enough to sustain and strive for excellence in the entrepreneurial arena.

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Rural Entrepreneurship in India: Challenge and Problems

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Abstract: Rural entrepreneurship is now a days a major opportunity for the people who migrate from rural areas or semi - urban areas to Urban areas. On the contrary it is also a fact that the majority of rural entrepreneurs is facing many problems due to not availability of primary amenities in rural areas of developing country like India. Lack of education, financial problems, insufficient technical and conceptual ability it is too difficult for the rural entrepreneurs to establish industries in the rural areas. This paper makes an attempt to find out the Problems and Challenges for the potentiality of Rural Entrepreneurship. It also focuses on the major problems faced by rural entrepreneurs especially in the fields of Marketing of products, financial amenities and other primary amenities, i.e. availability of electricity, water supply, transport facilities and required energy etc.

Keywords: Rural Entrepreneurship, challenges, Problems, constraints, rural, amenities.

I. Introduction

Concept of Rural Entrepreneurship

Defining entrepreneurship is not an easy task. To some, entrepreneurship means primarily innovation, to others it means risk-taking? To others a market stabilizing force and to others still it means starting, owning and managing a small business. An entrepreneur is a person who either creates new combinations of production factors such as new methods of production, new products, new markets, finds new sources of supply and new organizational forms or as a person who is willing to take risks or as a person who by exploiting market opportunities, eliminates disequilibrium between aggregate supply and aggregate demand or as one who owns and operates a business.

What is Rural Entrepreneurship?

The problem is essentially lopsided development which is a development of one area at the cost of development of some other place, with concomitant associated problems of underdevelopment. For instance, we have seen unemployment or underemployment in the villages that has led to influx of rural population to the cities. What is needed is to create a situation so that the migration from rural areas to urban areas comes down. Migration per se is not always undesirable but it should be the minimum as far as employment is concerned. Rather the situation should be such that people should find it worthwhile to shift themselves from towns and cities to rural areas because of realization of better opportunities there. In other words, migration from rural areas should not only get checked but overpopulated towns and cities should also get decongested. If it is so, ways can always be found out. One is by forcibly stopping villagers from settling in the slums of towns and cities, making use of all powers to clear the slums so the villagers are forced to go back. But such practices have not achieved the desired results in the past. Apart from causing suffering to the poor people and adding to the expenditure of the Government, social tensions and

economic hardships created by the government officials and their staff in every demolition of slums is not desirable from a sane government. Moreover, when a slum is demolished people do not move out of urban localities. They only relocate to a nearby place because they are entrenched in the economy of the town or city. Though governments have tried out various schemes for generating incomes in the rural areas such as government initiatives have not stopped people from moving out of villages to cities. This is because such government initiatives are not on their own capable of enabling people to earn adequately and ameliorate their conditions. There has to be some committed enterprising individual or a group of people.

II. Rural Entrepreneurship in India

Who should be capable of making use of the government policies and schemes for the betterment of rural people? Some individuals who happen to be local leaders and NGOs and who are committed to the cause of the rural people have been catalytic agents for development. Though their efforts need to be recognized yet much more needs to be done to reverse the direction of movement of people, i.e. to attract people in the rural areas. It means not only stopping the outflow of rural people but also attracting them back from the towns and cities where they had migrated. This is possible when young people consider rural areas as places of opportunities. Despite all the inadequacies in rural areas one should assess their strengths and build on them to make rural areas places of opportunities. This is much to do with the way one sees the reality of the rural areas. The way a survivor or job seeker would see things would certainly be different from those who would like to do something worthwhile and are ready to go through a difficult path to achieve their goals. It isn't that there is a dearth of people with such a mindset. But with time they change their minds and join the bandwagon of job seekers due to various compilations. Enabling them to think positively, creatively and Entrepreneurship purposefully is most of the development of rural areas. Young people with such perspective and with the help of rightly channelized efforts would usher in an era of rural entrepreneurship.

The basic principles of entrepreneur which applied the rural development are:

- Optimum utilization of local resources in an entrepreneurial venture by rural population - Better distributions of the farm produce results in the rural prosperity.
- Entrepreneurial occupation rural population to reduce discrimination and providing alternative occupations as against the rural migration.
- To activate such system to provide basic '6 m' - manpower, money, material, machinery, management and market to the rural population.

Rural Entrepreneurship in changing Environment:

The changing global environment raises questions about the ability of traditional, small-scale businesses in rural areas to share the potential benefits offered by the changing environment. The rapid (though declining) population growth, coupled with even faster urbanization, creates increasing demands. In India, urban populations in general grow about twice as fast as the overall total, and by 2020 they may exceed the size of rural populations. Such a major demographic trend challenges the capacities of some traditional small-scale businesses to cope with the increasing demands.

III. Effect of Globalization on Rural Entrepreneurship

Since globalization is a macro-concept and rural entrepreneurship is a micro-concept, occurring in a very limited area, it is very difficult to establish causal linkages, or to quantify the specific effects of globalization on rural entrepreneurship. However, it is possible to identify a range of different channels through which various aspects of globalization can be expected to change the welfare of rural entrepreneurship in India.

1) Productivity and efficiency effect

Globalization is often said to result in higher productivity, due to the access to global markets, abilities to specialize, and to take advantages of economies of scale and scope. Exposure to the global competition can result in high levels of productivity and efficiency. However, it is less crucial for large economies like India. Again, the potential gains to rural entrepreneur are also large, because globalization enhances countries' abilities to exploit comparative advantages arising from differing natural and ecological conditions. At the level of national policy, these arguments seem to favour globalization. Still, it is very easy to see how the rural entrepreneur could still lose out. This is true in most case duet the lack of affordable facilities in rural areas. There are many other factors which place rural entrepreneurs at a disadvantage. Most of them, lack access to the technologies and market information that would enable them to comply with quality specifications and effectively respond to emerging opportunities. They rarely have access to credit and the other financial services necessary to compete in the modern world. Many face high transportation and input costs that further reduce their ability to compete. Additionally, there are some whose cultures place greater value on the maintenance of traditional ways of life, rather than on material success in a competitive world. Apart from these disadvantages, there is the wider question of whether the economic and institutional infrastructures, and the structure of policies, are favorable for small enterprises to succeeding international competition. In short, globalization presents real dangers to the rural entrepreneur, to set against the possible advantages for the wider economy.

2) Economic growth effect

As already noted, the argument in favour of globalization is the positive link between globalization and rural entrepreneurship in India. Because the potential benefits include improved access to foreign technology and managerial expertise. There have been varied views concerning the connection between trade openness and rural entrepreneurship growth, and this has given rise to a large body of empirical literature, suggesting a positive relationship between trade openness and rural entrepreneurship growth. Edwards (1998) concludes that greater openness accelerates economic growth, and that large departures from free trade dampen it. The evidence suggests that liberalizing countries outperform those who failed liberalization attempts (Michael et al., 1991). In contrast, Helleiner (1986) suggested that a certain level of national development is necessary before the objective of export-led growth can be realized.

Emergence of the WTO and the series of deliberations under the Uruguay round have changed the world economic order. Indian Government has shelved the earlier protectionist policies and opened up the economy to the world market. Undoubtedly, this has helped the Indian economy to recoup its strength with the flow of international capital and technology resulting in a robust economic position. The economy is moving steadily with more than 6 per cent DGP growth rate for the last two decades or so. However, the new economic order has posed severe challenges to the agricultural and rural sectors of the economy.

Overall, it indicates that openness promotes faster growth. Still, the question remains as to what this might do for the rural enterprises, particularly as little FDI flows into agriculture, least of all small-scale agriculture. The effect of globalization on rural enterprises depends upon the changes in GDP and changes in income distribution. The evidence suggests that the rural entrepreneur overall are substantially included as beneficiaries from economic growth. However, the extent of inclusion varies internationally.

As discussed earlier, free trade and openness results in faster growth. Growth might be expected to specifically benefit the rural entrepreneur to the extent that the agricultural sector is included in the economic expansion. In fact, there is little evidence that trade expansion in India has actually taken this form.

3) *Technological effect*

Transfer of technology is one of the prominent features of globalization and one of the major reasons for predicting improved growth. Many formerly small rural entrepreneurs saw major improvements in their businesses, but the improvements were in a very limited area and to a very limited number of entrepreneurs.

The focus today is on the potentials and dangers of biotechnology. In principle, the benefits here too may be large. The benefits may be from raising productivity, reduced risks of drought and pests, as well as lower food prices.

Biotechnology research has been more relevant to the problems of high-income countries. The benefits tend to be specific to particular environments, conditions or markets. As small number of multinational corporations is also carrying out much of the research.

There has been a general focus upon the problems of rural entrepreneurs in rich countries, with little attention being paid to developing countries' like India's basic food crops and the problems of their small farmers.

4) *Distributional Effect*

It is not possible to gauge the overall effect of globalization on the level of inequality; the effect on women entrepreneur in rural area is less ambiguous. Many rural women entrepreneurs are hampered from benefiting from the changes arising from globalization. They have less access than men to education and training, less time to devote to productive activities, less command over important resources such as land, credit and capital. In income developing countries, the sexual division of labor precludes women from income derived from cash crops. In addition, they also have less incentive to respond to economic signals, since they are likely to have less control over any income.

5) *Transformational and insecurity effect*

Rural entrepreneurship is not always directly related to income. It can also refer to an intense level of insecurity. Many times those who have managed to improve their position are pressed back down again by natural disasters, inflation and other shocks.

Some aspects of globalization increase such problems. Globalization is generally associated with the accelerated pace of change in economic life and increased competitive pressures. This requires a speedy adaptation, which may simply be outside the range of those with few modern skills or other assets. As indicated earlier, globalization is linked to increased specialization, but this, for all its advantages, increases risks for rural entrepreneurs by pushing them to 'play all their cards'. These factors are further compounded by the transformational and insecurity effect due to volatile environment.

Greater financial interdependence amongst national economies, resulting from globalization, has the effect of transferring or spreading shocks from one nation to another. This can be seen from the financial crisis in the last year (2008) which affected the world, leading to a global slowdown. The enormous cross-border movements of highly mobile financial capital and the difficulties of regulating this have resulted in the tendency for financial shocks to spreading around the world. Many of these shocks coming from the rest of the world hit the urban sector hardest. Still, there are a number of channels through which the effect is transferred to the rural enterprises.

6) Policy

Government of India has, in a sense, discriminated against agriculture and those enterprises that depend upon it. This 'discrimination' has typically taken the form of overvalued exchange rates, state trading monopolies for domestic and external marketing of agricultural commodities. Additionally, the revenues from commodity exports have been used for the growth of civil services and urban development, rather than reinvestment in agriculture.

IV. Challenges faced by Rural Entrepreneurship in India

Family Challenges: Convincing to opt for business over job is easy is not an easy task for an individual. The first thing compared is – Will you make more money in the business of your choice or as a successor of family business. This is where it becomes almost impossible to convince that you can generate more cash with your passion than doing what your Dad is doing.

Social Challenges: Family challenges are always at the top because that is what matter the most but at times social challenges also are very important. Let us say you and your friend graduated at the same time. You opted for entrepreneurship and your friend opted for a job. He now has a flat, car and what not because he could easily get those with a bank loan but you still have nothing to show off and this is where the challenge comes.

Technological Challenges: Indian education system lags too much from the Job industry as a whole but then it lags even more when it comes to online entrepreneurship. What technology would be ideal and how to use that technology effectively?

Financial Challenges: (Difficulty in borrowing fund): Financial challenges are a lot different in India especially for online entrepreneurs. When you are starting out as an entrepreneur you don't opt for venture funding but try to go to funding for small to medium business people. Many such non-technical business people don't understand the online business models as a whole and so getting an initial business funding from them becomes challenging. The other option you can think of is a loan but bank loan is not at all an option in India for new online entrepreneurs.

Policy Challenges: Now and then there is lots of changes in the policies to change in the government. Problems of TRIPS and TRIMS. Problems of raising equity capital, Problems of availing raw-materials, Problems of obsolescence of indigenous technology Increased pollutions Ecological imbalanced. Exploitation of small and poor countries etc.

A. Opportunities

- Free entry into world trade.
- Improved risk taking ability.
- Governments of nations withdrawn some restrictions
- Technology and inventions spread into the world.
- Encouragement to innovations and inventions.
- Promotion of healthy completions among nations
- Consideration increase in government assistance for international trade.
- The establishment of other national and international institutes to support business among the nations of the world.
- Benefits of specialization.
- Social and cultural development

B. Challenges for Rural Entrepreneurs

- Growth of Mall Culture
- Poor Assistance
- Power Failure
- Lack of Technical know how
- Capacity Utilization
- Infrastructure Sickness

C. Opportunities for Rural Entrepreneurs

- Crashed Scheme for Rural Development
- Food for Work Program
- National Rural Employment Program
- Regional Rural Development Centers
- Entrepreneurship Development Institute of India
- Bank of Technology
- Rural Innovation Funding
- Social Rural Entrepreneurship.

D. Need for Creating Indian Entrepreneurs- A Snapshot:

A recent McKinsey & Company-Nasscom report estimates that India needs at least 8,000 new businesses to achieve its target of building a US\$87 billion IT sector.

In the next 10 years, 110-130 million Indian citizens will be searching for jobs, including 80-100 million looking for their first jobs.

In today's knowledge based economy is fertile ground for entrepreneurs, in India. It is rightly believed that India has an extraordinary talent pool with virtually limitless potential to become entrepreneurs. Therefore, it is important to get committed to creating the right environment to develop successful entrepreneurs. To achieve this, India must focus on the following area.

- Create the Right Environment for Success
- Ensure that Entrepreneurs have access to the Right Skill
- Ensure that Entrepreneurs have access to „Smart Capital“
- Enable Networking and Exchange
- Government Support: Both the Central and State Governments should take more interest in promoting the growth of entrepreneurship.

V. Problem of Rural Entrepreneurship

Entrepreneurs are playing very important role in the development of economy. They face various problems in day to day work. As the thorns are part of roses, similarly every flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under.

Financial Problems

• Paucity of Funds

Most of the rural entrepreneurs fail to get external funds due to absence of tangible security and credit in the market. The procedure to avail the loan facility is too time-consuming that its delay often disappoints the rural entrepreneurs. Lack of finance available to rural entrepreneurs is one of the biggest problems which rural entrepreneur is born now days especially due to global recession. Major difficulties faced by rural entrepreneurs include low level of purchasing power of rural consumer so sales volume is insufficient, lack of finance to start business, reduced profits due to competition, pricing of goods and services, Financial statements are difficult to be maintained by rural entrepreneur, stringent tax laws, lack of guarantees for raising up of loans, difficulty in raising capital through equity, dependence on small money lenders for loans for which they charge discriminating interest rates and huge rent and property cost. These all problems create a difficulty in raising money through loans. Landlords in Punjab proved to be a major source of finance for rural entrepreneurs but the rates of land are reduced due to global recession so they also lack hard cash nowadays.

Some banks have not ventured out to serve rural customers because banks are expensive to be reached by rural customers and, once reached, are often too poor to afford bank products. Poor people often have insufficient established forms of collateral (such as physical assets) to offer, so they are often excluded from traditional financial market. The government is providing subsidies to rural areas but due to the high cost of finance, these subsidies are not giving fruitful results. Major sources of finance in rural areas are loans from regional rural banks or from zamindars but their rate of interest is usually very high. The government has various institutions for this purpose but the results are not up to the level expected. Industrial Finance Corporation of India (IFCI), Industrial development bank of India, Industrial Credit and Investment Corporation of India (ICICI), Small Scale Industry development bank of India (SIDBI) are some of the national level (SFC) institutions that are helping out rural entrepreneurs. Some state level institutions are also working like a State Financial Corporation and State Industrial Development Corporation (SIDC). These institutions provide assistance for setting up of new ventures and side by side for modernization and expansion of existing ones but their terms and conditions are very strict to be handled. Various schemes like composite loan scheme, tiny unit scheme, scheme for technical entrepreneurs etc. had started but they are unable to meet the expectation of rural entrepreneur. Raising funds through equity is little bit difficult for rural entrepreneurs because of lack of financial knowledge and also their financial corpus is also low, so loans are the primary source of finance for them which proved to be a great obstacle in developing rural entrepreneurship. Various policies of RBI regarding priority sector lending failed to achieve its objectives. Micro financing movements started in India worked well. Self-help groups from the basic constituent unit of micro finance movement in India. Self-help groups are a group of a few individuals who pool their savings into a fund from which they can borrow as and when necessary. Such a group is linked with banks but joining an existing SHG is often a costly affair for an aspiring villager as in order to maintain parity among the members, a new member has to join by depositing the total accumulated individual savings and interest of groups. So starting new SHG is an easy as compared to join existing one. NGO's also played important role in rural development. These NGO's are usually registered as societies and trust. They have less capital resources as they cannot raise equity capital.

- **Lack of Infrastructural Facilities**

The growth of rural entrepreneurs is not very healthy in spite of efforts made by government due to lack of proper and adequate infrastructural facilities.

- **Risk Element**

Rural entrepreneurs have less risk bearing capacity due to lack of financial resources and external support.

Marketing Problems

- **Competition**

Rural entrepreneurs face severe completion of large sized organizations and urban entrepreneurs. They incur the high cost of production due to high input cost. Major problems faced by marketers are the problem of standardization and competition from large scale units. They face the problem in fixing the standards and sticking to them. Competition from large scale units also creates difficulty for the survival of new ventures. New ventures have limited financial resources and hence cannot afford to spend more on sales promotion. These units are not having any standard brand name under which they can sell their products. New ventures have to come up with new advertisement strategies which the rural people can easily understand. The literacy rate among the Problems Faced by Rural Entrepreneurs and Remedies to Solve It rural consumer is very low. Printed media have limited scope in the rural context. The traditionally bounded nature, cultural backwardness and cultural barriers add to the difficulty of communication. People in rural areas mostly communicate in their local dialects and English and Hindi are not understood by many people. It has been seen in the recent past that in spite of enough food stocks with government warehouses, people are dying of starvation. This indicates a problem with the public distribution system. The producers are not collective in their approach for marketing their products because they are too widely scattered and uneducated.

- **Middlemen**

Middlemen exploit rural entrepreneurs. The rural entrepreneurs are heavily dependent on middlemen for marketing of their products who pocket large amount of profit. Storage facilities and poor mean of transport are other marketing problems in rural areas. In most of the villages, farmers store the produce in open space, in bags or earther vessels etc. So these indigenous methods of storage are not capable of protecting the produce from dampness, weevils etc. The agricultural goods are not standardized and graded.

Management Problems

- **Lake of Knowledge of I.T**

Information technology is not very common in rural areas. Entrepreneurs rely on internal linkages that encourage the flow of goods, services, information and ideas. The intensity of family and personal relationships in rural communities can sometimes be helpful but they may also present obstacles to effective business relationships. Business deals may receive less than rigorous objectivity and intercommunity rivalries may reduce the scope for regional cooperation. Decision making process and lines of authority are mostly blurred by local politics in rural areas.

- **Legal formalities**

Rural entrepreneurs find it extremely difficult in complying with various legal formalities in obtaining licenses due to illiteracy and ignorance.

• **Procurement of Raw Materials**

Procurement of raw materials is really a tough task for rural entrepreneurs. They may end up with poor quality raw materials, may also face the problem of storage and warehousing.

• **Lack of Technical Knowledge**

Rural entrepreneurs suffer a severe problem of lack of technical knowledge. Lack of training facilities and extensive services create a hurdle for the development of rural entrepreneurship.

• **Poor Quality of Products**

Another important problem in growth of rural entrepreneurship is the inferior quality of products produced due to lack of availability of standard tools and equipment and poor quality of raw materials.

Human Resources Problems

• **Low Skill Level of Workers**

Most of the entrepreneurs of rural areas are unable to find workers with high skills. Turnover rates are also high in this case. They have to be provided with on the job training and their training is generally a serious problem for the entrepreneur as they are mostly uneducated and they have to be taught in the local language which they understand easily. The industries in rural areas are not only established just to take advantage of cheap labor but also to bring about an integrated rural development. So rural entrepreneurs should not look at rural area as their market, they should also see the challenges existing in urban areas and be prepared for them. Rural entrepreneurs are generally less innovative in their thinking. Youths in rural areas have little options “this is what they are given to believe”. This is the reason that many of them either work as farm or migrate to urban land.

• **Negative Attitude**

The environment in the family, society and support system is not conducive to encourage rural people to take up entrepreneurship as a career. It may be due to lack of awareness and knowledge of entrepreneurial opportunities. The young and well educated mostly tend to leave. As per circumstances, rural people by force may be more self-sufficient than their urban counterparts, but the culture of entrepreneurship tends to be weak. Continuous motivation is needed in case of rural employee which is sometime difficult for an entrepreneur to Problems In Rural Entrepreneurship Entrepreneurs are playing very important role in the development of economy. They face various problems in day to day work. As the thorns are part of roses, similarly every flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under.

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Social Entrepreneurship: Definition and Boundaries

Samer Abu-Saifan

“Whenever society is stuck or has an opportunity to seize a new opportunity, it needs an entrepreneur to see the opportunity and then to turn that vision into a realistic idea and then a reality and then, indeed, the new pattern all across society. We need such entrepreneurial leadership at least as much in education and human rights as we do in communications and hotels. This is the work of social entrepreneurs.”

Bill Drayton

Founder of Ashoka: Innovators for the Public

While individuals may be publicly recognized as social entrepreneurs for their contributions to improve the welfare of communities, the field of social entrepreneurship continues to struggle to gain academic legitimacy. Social entrepreneurship is a term in search of a good definition. The current use of the term seems vague and limitless; it needs boundaries to demarcate its function. The lack of a common definition hinders research and raises questions about which social or profit-making activities fall within the spectrum of social entrepreneurship. To become an important stream in the entrepreneurship literature, social entrepreneurship needs to be properly defined and it requires a theoretical framework that links it to the theory of entrepreneurship. This article builds on the literature to define social entrepreneurship, discusses the boundaries of socially-oriented entrepreneurial activities, and positions the social entrepreneur in the spectrum of entrepreneurship.

Introduction

Most economists and academics support the notion that entrepreneurship is becoming a crucial factor in the development and well-being of societies. Whether the entrepreneurial activities are practiced in factor-driven, efficiency-driven, or innovation-driven economies (Porter et al., 2002; tinyurl.com/7vwutgr), the ultimate results continue to exhibit: i) lower unemployment rates; ii) increased tendency to adopt innovation; and iii) accelerated structural changes in the economy. Entrepreneurship offers new competition, and as such promotes improved productivity and healthy economic competitiveness (UNCTAD, 2004; tinyurl.com/d3xkdj4).

Social entrepreneurship is the field in which entrepreneurs tailor their activities to be directly tied with the ultimate goal of creating social value. In doing so, they often act with little or no intention to gain personal

profit. A social entrepreneur “combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley” (Dees, 1998; tinyurl.com/86g2a6).

The use of the term social entrepreneurship is gaining increased popularity. However, confusion and uncertainty are constantly noted about what exactly a social entrepreneur is and does. The term social entrepreneur is ill-defined (Barendsen and Gardner, 2004; tinyurl.com/75jr5sp; Weerawardena and Mort, 2006; tinyurl.com/7erg5lz), it is fragmented, and it has no coherent theoretical framework (Weerawardena and Mort, 2006). The absence of consensus on a research topic usually results in researchers working independently and failing to build upon one another’s work, therefore knowledge cannot be accumulated (Bruyat and Julien, 2000; tinyurl.com/76ahqkm).

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There is a need to better define what is meant by the term social entrepreneur. How are social entrepreneurs different from other entrepreneurs? How are social entrepreneurs different from managers of social workers? What constitutes social entrepreneurship and what does not?

In this article, we first review some of the literature discussing the definition of entrepreneurship and then provide a clear and concise definition of social entrepreneurship. Next, we identify the unique features of social entrepreneurs and suggest boundaries for social entrepreneurship.

Characteristics of Entrepreneurship

Social entrepreneurship needs to be defined in a way that is consistent with what is known about entrepreneurship. This section identifies the characteristics of the entrepreneur.

According to the business management literature, entrepreneurship is an exceptional set of activities carried

out by individuals with an exceptional mind-set in order to maximize profit. Therefore, the process is closely tied to success. We use “exceptional mind-set” as a broader term to encapsulate the characteristics that shape the entrepreneurial activities of those individuals (see Table 1). The business literature differentiates entrepreneurs from business people by including statements such as: entrepreneurs “create needs”; while business people “satisfy needs” (2010 Global Report: Global Entrepreneurship Monitor, 2011; tinyurl.com/8xzvv3p). Entrepreneurs are conceptualized as individuals who see the world differently and envision the future better than others do. They seize opportunities that otherwise would go unnoticed. They perceive and accept risks differently than others. Table 1 shows the core characteristics of entrepreneurs, as extracted from full or partial definitions in the literature on venture creation, opportunity exploitation, and profit maximization. These characteristics highlight the economist’s view of an entrepreneur as an individual with an exceptional mind-set; individuals with such a mind-set are seen as key to venture growth maximization and economic prosperity.

Table 1. Contrasting definitions and core characteristics of the terms “entrepreneur” and “entrepreneurship”

Source	Definition	Core Characteristics
Schumpeter (1934) tinyurl.com/6mqfkr0	An entrepreneur is an innovator who implements entrepreneurial change within markets, where entrepreneurial change has five manifestations: 1) the introduction of a new/improved good; 2) the introduction of a new method of production; 3) the opening of a new market; 4) the exploitation of a new source of supply; and 5) the carrying out of the new organization of any industry	<ul style="list-style-type: none"> • Innovator
McClelland (1961) tinyurl.com/6nsgtpd	The entrepreneur is a person with a high need for achievement. This need for achievement is directly related to the process of entrepreneurship [...] Entrepreneur is an energetic moderate risk taker.	<ul style="list-style-type: none"> • High achiever • Risk bearer • Dedicated
Kirzner (1978) tinyurl.com/87mbxax	The entrepreneur recognizes and acts upon market opportunities. The entrepreneur is essentially an arbitrageur.	<ul style="list-style-type: none"> • Arbitrageur
Shapero (1975) tinyurl.com/8xcuvj8	Entrepreneurs take initiative, organize some social and economic mechanisms and accept risks of failure.	<ul style="list-style-type: none"> • Organizer • Initiative taker
Carland et al. (1984) tinyurl.com/7xa9s7f	The entrepreneur is characterised principally by innovative behaviour and will employ strategic management practices in the business.	<ul style="list-style-type: none"> • Strategic thinker
Kao and Stevenson (1985) tinyurl.com/6wcq6su	Entrepreneurship is an attempt to create value through recognition of business opportunities.	<ul style="list-style-type: none"> • Value creator • Opportunity aware
Timmons and Spinelli (2008) tinyurl.com/7sfqdh2	Entrepreneurship is a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach and leadership balanced.	<ul style="list-style-type: none"> • Leader • Holistic • Persistent • Committed

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Characteristics of Social Entrepreneurship

Although the use of the term social entrepreneur is growing rapidly, the field of social entrepreneurship lacks rigour and is in its infancy compared to the wider field of entrepreneurship. Success stories of individuals solving complex social problems are being used to legitimize the field of social entrepreneurship. For example, in 2004, Stanford University launched Social E Lab (socialelab.org) as part of its Entrepreneurial Design for Extreme Affordability course, which promotes the use of entrepreneurship principles to solve social and environmental problems. The program spun off a number of successful projects, including DripTech (driptech.com), Project Healthy Children (projecthealthychildren.org), and Embrace (embraceglobal.org). Other examples of well-established organizations that are frequently referenced in the literature on social entrepreneurship include: Ashoka (ashoka.org), OneWorld Health (oneworldhealth.org), The Skoll Foundation (skollfoundation.org), and the Schwab Foundation for Social Entrepreneurship (schwabfound.org). However, the field is arguably phenomenon-driven

(Mair and Marti', 2005; tinyurl.com/7ubxt5q) and falls short when compared to areas that are perceived to have greater rigour applied to them. As evidence of this, scholars have yet to link social entrepreneurship to the theory of entrepreneurship and knowledge.

The interest in social entrepreneurs stems from their role in addressing critical social problems and the dedication they show in improving the well-being of society (Zahra et al., 2008; tinyurl.com/87upzh3). The public often hold social entrepreneurs in high regard because of the multitude of social needs they satisfy and the improved life quality they bring to affected societies.

When comparing the definitions and characteristics of entrepreneurs (Table 1) with those of social entrepreneurs (Table 2), we see that the ultimate goal of an entrepreneur is to create economic wealth whereas, for a social entrepreneur, the priority is to fulfill their social mission. Social entrepreneurs design their revenue-generating strategies to directly serve their mission to deliver social value.

Table 2. Contrasting definitions and core characteristics of the terms “social entrepreneur” and “social entrepreneurship”

Source	Definition	Core Characteristics
Bornstein (1998) tinyurl.com/6ucfnc6	A social entrepreneur is a path breaker with a powerful new idea who combines visionary and real-world problem-solving creativity, has a strong ethical fiber, and is totally possessed by his or her vision for change.	<ul style="list-style-type: none"> • Mission leader • Persistent
Thompson et al. (2000) tinyurl.com/7mkp7ah	Social entrepreneurs are people who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources (generally people, often volunteers, money, and premises) and use these to “make a difference”.	<ul style="list-style-type: none"> • Emotionally charged • Social value creator
Dees (1998) tinyurl.com/86g2a6	Social entrepreneurs play the role of change agents in the social sector by: <ul style="list-style-type: none"> • Adopting a mission to create and sustain social 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; • Exhibiting a heightened sense of accountability to the constituencies served for the outcomes created. 	<ul style="list-style-type: none"> • Change agent • Highly accountable • Dedicated • Socially alert
Brinckerhoff (2009) tinyurl.com/7w8dfs5	A social entrepreneur is someone who takes reasonable risk on behalf of the people their organization serves.	<ul style="list-style-type: none"> • Opinion leader
Leadbeater (1997) tinyurl.com/7exweb6	Social entrepreneurs are entrepreneurial, innovative, and “transformatory” individuals who are also: leaders, storytellers, people managers, visionary opportunists and alliance builders. They recognize a social problem and organize, create, and manage a venture to make social change.	<ul style="list-style-type: none"> • Manager • Leader
Zahra et al. (2008) tinyurl.com/87upzh3	Social entrepreneurship 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	<ul style="list-style-type: none"> • Innovator • Initiative taker

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Defining Social Entrepreneurship

In this section, we build on the definitions presented in Table 2 and propose a definition that captures the key factors that are vital to social entrepreneurship. We hope that our definition will reduce the constantly perceived vagueness about the field, identify the scope of related research, and accelerate the advancement of social entrepreneurship as a legitimate academic research field.

We propose the following definition:

The social entrepreneur is a mission-driven individual who uses a set of entrepreneurial behaviours to deliver a social value to the less privileged, all through an entrepreneurially oriented entity that is financially independent, self-sufficient, or sustainable.

This definition combines four factors that make social entrepreneurship distinct from other forms of entrepreneurship. Social entrepreneurs:

1. are *mission-driven*. They are dedicated to serve their mission of delivering a social value to the underserved.

2. act *entrepreneurially* through a combination of characteristics that set them apart from other types of entrepreneurs (see Table 3).

3. act within *entrepreneurially oriented organizations* that have a strong culture of innovation and openness.

4. act within *financially independent organizations* that plan and execute earned-income strategies. The objective is to deliver the intended social value while remaining financially self-sufficient. This is achieved by blending social and profit-oriented activities to achieve self-sufficiency, reduce reliance on donations and government funding, and increase the potential of expanding the delivery of proposed social value (Bacq et al., 2011; tinyurl.com/7nry6jp).

Table 3 summarizes the unique characteristics of profit-oriented and social entrepreneurs presented in Tables 1 and 2 and identifies those characteristics that are most likely to be found in both types of entrepreneurs.

Table 3. Unique and common characteristics of profit-oriented entrepreneurs and social entrepreneurs

Unique characteristics of the profit-oriented entrepreneur	Characteristics common to both types	Unique characteristics of the social entrepreneur
<ul style="list-style-type: none"> • High achiever • Risk bearer • Organizer • Strategic thinker • Value creator • Holistic • Arbitrageur 	<ul style="list-style-type: none"> • Innovator • Dedicated • Initiative taker • Leader • Opportunity alert • Persistent • Committed 	<ul style="list-style-type: none"> • Mission leader • Emotionally charged • Change agent • Opinion leader • Social value creator • Socially alert • Manager • Visionary • Highly accountable

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Boundaries of Social Entrepreneurship

This section distinguishes between social entrepreneurship and other non-entrepreneurial, mission-driven initiatives. As discussed earlier, the term social entrepreneurship is becoming more popular and is attracting growing amount of resources. It is frequently observed in the media, used by public officials, and is commonly referred to by academics. This is in part because of the support social entrepreneurs are receiving from complex network of organizations that highlight their work and contributions to society (Dacin et al., 2011; tinyurl.com/7a9bh9d). However, the lack of consensus on the definition of social entrepreneurship means that other disciplines are often confused with and mistakenly associated with social entrepreneurship. Philanthropists, social activists, environmentalists, and other socially-oriented practitioners are referred to as social entrepreneurs. It is important to set the function of social entrepreneurship apart from other socially oriented activities and identify the boundaries within which social entrepreneurs operate.

According to the Skoll Centre for Social Entrepreneurship, the definition of social entrepreneurship should not extend to philanthropists, activists, companies with foundations, or organizations that are simply socially responsible (tinyurl.com/yd8ggyq). While all these agents are needed and valued, they are not social entrepreneurs.

Building on our proposed definition of social entrepreneurship, we propose boundaries to properly position social entrepreneurs in the spectrum of entrepreneurship. As illustrated in Figure 1, social entrepreneurs operate within the boundaries of two business strategies:

1. Non-profit with earned income strategies: a social enterprise performing hybrid social and commercial entrepreneurial activity to achieve self-sufficiency. In this scenario, a social entrepreneur operates an organization that is both social and commercial; revenues and profits generated are used only to further improve the delivery of social values.

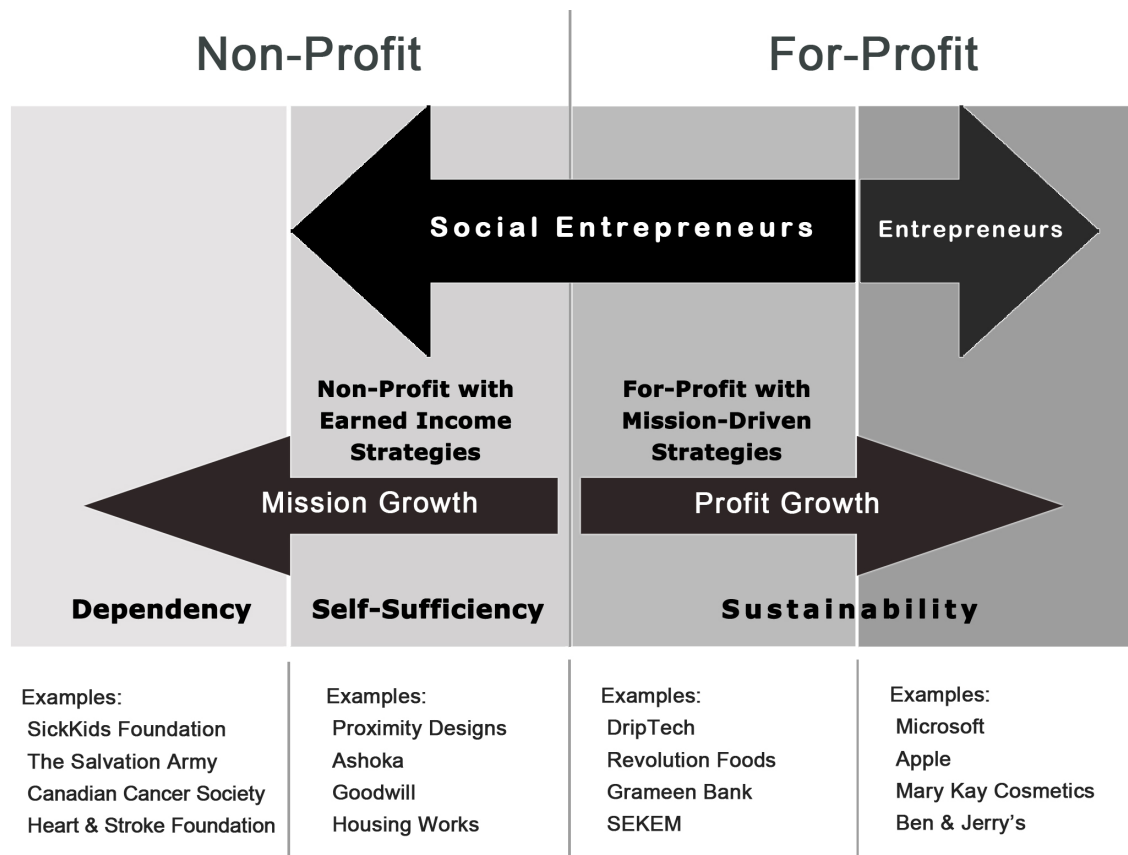


Figure 1. The entrepreneurship spectrum illustrating the boundaries of social entrepreneurship

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2. For-profit with mission-driven strategies: a social-purpose business performing social and commercial entrepreneurial activities simultaneously to achieve sustainability. In this scenario, a social entrepreneur operates an organization that is both social and commercial; the organization is financially independent and the founders and investors can benefit from personal monetary gain.

Conclusion

Social entrepreneurship has recently emerged as a field of academic inquiry, but the lack of a common definition of social entrepreneur impedes research in this field. In this article, we reviewed literature that defined profit-oriented entrepreneurship and social entrepreneurship in order to extract the core characteristics of each type. We then proposed a definition of social entrepreneurship, which contributes to the literature on social entrepreneurship by clarifying and bounding the scope of research in this field.

Social entrepreneurship has flourished significantly at the practical level, but not at the theoretical level. Future research should focus on linking social entrepreneurship as a new discipline and research field to the theory of entrepreneurship. Scholars should also focus their attention on introducing new research questions that are meaningful to the different domains that intersects with social entrepreneurship, including social innovation and the management of non-profit organizations.

Recommended Reading

The Rise of the Social Entrepreneur

by Charles Leadbeater

tinyurl.com/7exweb6

About the Author

Samer (Sam) Abu-Saifan is the Head of Information Technology for Street Haven at the Crossroads, a not-for-profit organization in Toronto. With over 15 years of experience managing complex technology environments, Sam has held positions in business development, change management, and innovation management. He received a BS in Computer Information Systems from Amman University, Jordan, and a Business Management Certificate from Ryerson University, Toronto. Currently, he is pursuing a Master's degree in Technology Innovation Management at Carleton University, Ottawa. In 2011, Sam founded Autism Ottawa (Ottism), a social purpose business that will use innovative technologies to deliver educational services to children and families living with autism.

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