

# Chapter 13

## Social Entrepreneurial Leadership for a Better World

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### ABSTRACT

*This chapter introduces the concept of entrepreneurial leadership and argues that it offers potential contributions to economic and social wealth. A theoretical framework of social entrepreneurial leadership and the characteristics of social entrepreneurial leaders is then posited. The similarities between social entrepreneurialism and other leadership styles such as ethical, transformative, authentic, sustainable, and servant leadership are explored. The conclusion reflects on the various understandings of social entrepreneurial leadership and how social entrepreneurial leaders can be characterized as the primary actors for a better world.*

### INTRODUCTION

Since the 1980s, an entrepreneurial revolution has spawned due to the internet, new materials and products, financial and social networks, and paradigmatic changes in politics, economics, and societies (Fernald, Solomon, & Tarabishy, 2005). Entrepreneurship could be the answer to many problems faced by societies. It can be described also as a driver of economic development (Austin, Stevenson, & Wei-Skillern, 2006). During the last ten years, the world economy has developed rapidly by fostering entrepreneurial activity. According to the Global Entrepreneurship Index (2017), the total early stage entrepreneurial activity rate is almost 40 percent of the adult population aged 18 to 64 years around the world. In other words, two-fifths of the economically active population around the world are in the process of starting or have started already a business. Over the next five years, they are estimated to hire approximately 2–5 employees. One of the reasons they may choose to remain small is so that they can manage complexity easily. In addition, sophisticated technology and communications may enable entrepreneurs, particularly in developed economies, to operate on their own, perhaps as part of a broader value network (Herrington & Kew, 2017a). If entrepreneurs receive adequate assistance, new ventures could add billions to the global economy.

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One of the contributions entrepreneurs and entrepreneurial firms make is to define market economies and expand the world economy. They are the most important drivers of the economy. Furthermore, they play a crucial role in technological change and productivity growth through innovating. They are changing the prevailing market structures (Kuratko & Hodgetts, 2004). Colleges and universities around the world are offering more courses related to entrepreneurship and innovation (Mair & Marti, 2006; Zahra, Gedajlovic, Neubaum, & Shulman, 2009). As said by Drucker (1985), entrepreneurship is not relevant to genes, it is a discipline, and it can be taught. Thus, it can be encouraged by education (Kuratko, 2005).

The entrepreneurial activities of firms affect the quality of human and social life. They have led to a flourishing concern in society about corporate social performance (Mahoney & Roberts, 2015) and numerous academic and practitioner research endeavors. The literature suggests a causal relationship between corporate social performance and traditional financial measures of a firm's success (Zhao & Murrell, 2016; Kiser, Leipziger, & Shubert, 2014; Makni, Francour, & Bellavance, 2009; Griffin & Mahon, 1997). Multidimensional constructs of corporate social performance can be configured in terms of economic responsibilities to investors and consumers, ethical responsibilities to society, and legal responsibilities to the government and the community (Carroll, 1979; Mahoney & Roberts, 2015). Increasingly, corporations are expected to take responsibility for meeting social and environmental challenges more proactively so that corporate social responsibility has become synonymous with sustainability (Seelos & Mair, 2005) in some quarters.

After corporate scandals such as Enron and Worldcom, social enterprises, and their social missions, have gained increased attention and popularity from researchers, business managers as well as customers, workers, and other stakeholders (Yıldız, 2016). The mission of social enterprises is to:

*create and pursue opportunities relentlessly, without regard to alienable resources currently controlled, with a view to both creating wealth that may be reinvested in the business to assure its sustainability, and social value (Chell, 2007).*

*Social value* can be defined as societies' needed goods and services provided by organizations. For example, promoting community awareness or development or providing more accessible and fairer education systems creates social value.

Today, businesses are not the only players searching for profitable solutions to social problems (Porter & Kramer, 2011). A whole generation of social entrepreneurs is pioneering new business models to serve societal needs (Seelos & Mair, 2005). In recent years, there has been a broadening of the definition of social entrepreneurship and social entrepreneurs. According to Ashoka, as the largest international network of social entrepreneurs, these individuals identify and explore the most crucial social problems and create innovative solutions to address them. Both social entrepreneurship and social activism are creating social value and raising awareness about social issues with their activities. However, social activism denotes action for influencing mostly governments without providing income (Martin & Osberg, 2007). Non-profit social organizations aim also to solve societal issues through creating social value. Many non-profit organizations have social missions also, but having a social mission does not mean that they are successful enterprises or sustainable ventures (Castro-Salazar, 2013). However, social entrepreneurs create sustained social outcomes through direct action; these are hybrid ventures, known also as third sector organizations, a combination of a profit based business organization with the social mission of a non-profit organization.

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