

## The Historical Evolution, Conceptual Structuring and Strategic Implications of Social Entrepreneurship in Contemporary Economic Systems

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### Abstract:

Social entrepreneurship has progressively emerged as a strategic and hybrid field integrating economic sustainability with social value creation. This article examines the historical evolution, conceptual structuring, and strategic implications of social entrepreneurship within contemporary economic systems. Based on an extensive literature review, the study clarifies the theoretical foundations of the concept and differentiates it from traditional entrepreneurship and related frameworks such as the social and solidarity economy, corporate social responsibility, and social innovation. The analysis highlights the centrality of mission-driven business models, stakeholder engagement, and governance mechanisms in sustaining measurable social impact. By integrating management and marketing perspectives, the paper emphasizes the strategic alignment between social mission, organizational design, and value creation processes. The findings position social entrepreneurship as a hybrid and dynamic model capable of contributing to inclusive and sustainable development.

**Keywords:** Social entrepreneurship; Hybrid organizations; Social value creation; Strategic management; Sustainable development.

**Jel Classification Codes :** L26 ; L31 ; M14.

### 1. Introduction

In many economies, persistent social and environmental challenges—poverty, exclusion, unequal access to healthcare and education, youth unemployment, and ecological degradation—continue to pressure governments, civil society, and markets to rethink how value is created and distributed. In this context, social entrepreneurship has gained visibility as a solution-oriented approach that attempts to combine entrepreneurial action with a primary social mission, while remaining economically viable over time.

Unlike purely charitable initiatives that can depend heavily on unstable funding cycles, social entrepreneurship typically emphasizes sustainability through market mechanisms, hybrid financing, partnerships, and organizational innovation. Social entrepreneurs may operate as non-profit organizations with revenue-generating activities, for-profit social ventures, cooperatives, or mission-led hybrid organizations. What unifies these diverse forms is an explicit ambition to create social value—such as improving livelihoods, expanding access to essential services, empowering marginalized populations, or reducing environmental harm—while ensuring that the organizational model is resilient

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From a management perspective, social entrepreneurship raises strategic questions: How can organizations align a social mission with operational performance? How can governance and accountability be designed so that the mission remains central? What organizational capabilities are needed to scale impact without compromising values? From a marketing perspective, the phenomenon is equally rich: social ventures must clarify their value propositions for multiple stakeholders (beneficiaries, customers, donors, investors, regulators), build legitimacy, and design offerings that produce behavioral change and adoption within communities. Many social ventures must simultaneously convince paying customers and serve beneficiaries who may not pay—creating complex “two-sided” or multi-stakeholder market dynamics.

This article aims to provide a structured understanding of social entrepreneurship through three guiding questions:

1. What are the historical roots of social entrepreneurship and how has the field evolved into a distinct domain?
2. How can social entrepreneurship be defined and differentiated from conventional entrepreneurship?
3. How does social entrepreneurship relate to adjacent concepts (SSE/ESS, CSR, social innovation, circular economy, social finance), and what are the key complementarities and distinctions?

By addressing these questions, the paper contributes to clearer conceptualization and offers implications for scholars and practitioners working at the intersection of management and marketing.

## **2. Historical Evolution of Social Entrepreneurship:**

### **2.1. Early foundations and social reform movements:**

Although the expression “social entrepreneurship” became widely used only in the late twentieth century, the underlying logic—pursuing social improvement through organized economic activity—can be traced to earlier movements. Cooperative experiments and social reforms in the nineteenth century, particularly those associated with industrial transformation, offered a foundation for later hybrid models. Robert Owen’s reforms at New Lanark, for example, demonstrated that productivity could coexist with social welfare provisions, improved working conditions, and education (Wilson & Jons, 1991, p. 585). These initiatives did not use the contemporary vocabulary of entrepreneurship, yet they reflect key principles now associated with social entrepreneurship: human development, social responsibility, and institutional innovation.

### **2.2. Microfinance as a modern milestone:**

A widely recognized modern milestone is the microfinance movement, especially the Grameen Bank, launched in 1983 by Muhammad Yunus in Bangladesh. The Grameen model challenged conventional banking by providing microcredit to underserved populations—particularly women—thus enabling income-generating activities and local entrepreneurship. Beyond financial inclusion, the model illustrated that initiatives designed to address poverty could also develop economically sustainable mechanisms and measurable results (Janssen, Bacq, & Brouard, 2012, p. 21). Yunus later framed social business as a deliberate organizational form where profit is not the ultimate goal but a tool to ensure sustainability and expansion of social impact.

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## **2.3. Institutional recognition and conceptual diffusion in the 1990s:**

The 1990s marked the consolidation of the term social entrepreneurship as a distinct domain. In the United States, organizations such as Ashoka, founded in 1980 by Bill Drayton, expanded the identification and support of social entrepreneurs globally and helped formalize narratives of social change driven by innovative individuals (Mguerman, 2023, p. 192). Academic initiatives—such as Harvard Business School’s Social Enterprise Initiative launched in 1993—contributed to the institutionalization of social enterprise education and research (Defourny & Nyssens, 2011, p. 19).

In Europe, the concept evolved alongside the reconfiguration of welfare states and the rise of “third sector” solutions. Italy created a specific legal status for social enterprises in 1991, and many European countries later adopted legal frameworks enabling organizations to carry out economic activity while prioritizing social objectives (Defourny & Nyssens, 2011, p. 21). European trajectories often emphasized collective governance, democratic participation, and social service provision in partnership with public systems.

## **2.4. Global expansion, impact measurement, and policy agendas after 2008**

The 2000s and post-2008 period accelerated policy interest in social entrepreneurship, as economic crises highlighted social vulnerabilities and the need for alternative job creation mechanisms. At the European level, expert groups and initiatives focused on financing social enterprises and developing methods to measure social impact (Chabanet & Damien, 2017, p. 27). Internationally, philanthropic foundations, development agencies, and impact investors increasingly supported social ventures, creating a more structured ecosystem. This institutional momentum helped shape contemporary debates about scaling, accountability, and impact evaluation.

## **3. Defining Social Entrepreneurship: A Multi-Perspective Review**

**3.1. Core definitions in the literature :** Social entrepreneurship has been defined in diverse ways that reflect interdisciplinary origins (management, sociology, economics, public policy). Fowler describes it as the creation of viable socio-economic structures and practices that generate civic benefit through voluntary citizen engagement and support (Stoffers, Gunawan, & Kleeftra, 2018, p. 11). Mair and Marti (2004) conceptualize it as an innovation-driven process involving resource recombination to exploit opportunities that address social needs (Derkkaoui & Rabhi, 2022, p. 82). Roberts and Woods (2005) emphasize visionary individuals who pursue opportunities for transformative social change (Roberts & Woodes , 2005, p. 45). Peredo and McLean (2006) highlight intentional social value creation through opportunity recognition, innovation, and risk-taking, combined with the refusal to accept resource constraints (Peredo & Mclean, 2006, p. 56). Zahra et al. (2006) extend the lens to include both new venture creation and innovative management of existing organizations to increase “social wealth.” (Zahra, Gedajlovic, Neubaum, & Shulman, 2006 february, p. 45). Brouard and Sakka (2010) frame social entrepreneurship as a set of activities and processes that create and sustain social value using entrepreneurial and innovative approaches while facing external constraints (Brouard & Sakka, 2010, p. 49).

Across these perspectives, recurring dimensions appear:

- **Primacy of social mission** (social value creation is central)
- **Innovation** (often social innovation rather than purely technological)
- **Sustainability** (economic viability to ensure continuity and scalability)



- **Opportunity recognition** in contexts of social market failures
- **Hybrid organizing** and multi-stakeholder dynamics

### 3.2. A synthesized definition (management & marketing oriented)

Building on these foundations, social entrepreneurship can be defined as:

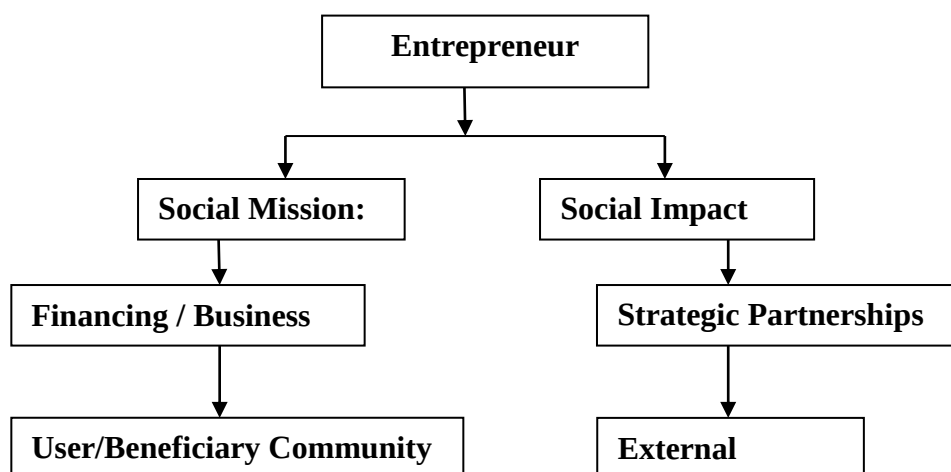
A mission-centered entrepreneurial process that designs and implements innovative, sustainable business models to address social and/or environmental problems, creates measurable social value, and mobilizes stakeholders and resources through market and non-market mechanisms.

This synthesis is particularly relevant for management and marketing because it highlights strategic alignment, business model design, stakeholder engagement, and legitimacy—core managerial and marketing concerns.

## 4. A Conceptual Framework for Social Entrepreneurship

To make the concept operational and “publishable,” the paper proposes an integrative framework summarizing key components commonly observed in social entrepreneurial initiatives.

**Figure 1. Core Components of Social Entrepreneurship (Conceptual Model)**



Source: Author’s elaboration

#### Elements explained:

- **Entrepreneur / Social Venture Team:** initiates, orchestrates resources, and makes strategic decisions.
- **Social Mission:** defines the societal or environmental problem targeted and the intended change.
- **Social Impact:** outcomes and effects such as poverty reduction, inclusion, environmental protection, etc.
- **Financing / Business Model:** revenue generation (sales, cross-subsidies, hybrid finance), grants, donations, impact investment.
- **Strategic Partnerships:** collaborations with NGOs, government agencies, firms, universities, and community organizations.
- **User/Beneficiary Community:** individuals and groups that adopt, benefit from, co-produce, or support the solution.

- **External Context:** institutional rules, market conditions, culture, public policy, economic constraints, and ecological pressures influencing performance and scalability

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## 5. Social Entrepreneurship vs. Traditional Entrepreneurship

Traditional entrepreneurship and social entrepreneurship share mechanisms such as opportunity recognition, innovation, and resource mobilization. However, their underlying logics diverge significantly.

### 5.1. Strategic objectives and performance metric

Traditional entrepreneurship generally prioritizes profitability, growth, and competitive advantage. Social responsibility may exist but often remains peripheral or instrumental. By contrast, social entrepreneurship places the mission at the center; financial performance functions as a means to sustain and scale impact rather than as the ultimate objective.

### 5.2. Governance and accountability

Conventional firms commonly link decision power to capital ownership. In social enterprises, governance models are often more participatory and stakeholder-oriented, with accountability mechanisms designed to preserve mission integrity and prevent mission drift.

### 5.3. Innovation orientation

Traditional entrepreneurship often focuses on proprietary technological innovation for competitive advantage. Social entrepreneurship emphasizes social innovation—new ways of solving persistent problems—and typically seeks replication or diffusion to maximize impact.

**Table 1. Key Differences Between Traditional Entrepreneurship and Social Entrepreneurship**

| Dimension                            | Traditional Entrepreneurship                                                                  | Social Entrepreneurship                                                                                                    |
|--------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| <b>Social Mission</b>                | Profit is primary; social actions are optional or secondary (often CSR-related).              | Social mission is primary; profit is instrumental to sustain the mission.                                                  |
| <b>Economic Logic</b>                | Economic activity serves private interests; profitability and often maximization are central. | Economic activity serves collective/general interest; profit supports sustainability and impact scaling, not maximization. |
| <b>Innovation Focus</b>              | Often technological/market innovation to preserve competitive advantage.                      | Primarily social innovation to address structural problems and enable diffusion/replication.                               |
| <b>Organization &amp; Governance</b> | Standardized corporate forms; decision power linked to capital ownership.                     | Diverse hybrid forms; participatory governance and stakeholder involvement; decision power not strictly based on capital.  |

Adapted and re-elaborated from (Lahbib, 2015)

## 6. Related Concepts: Complementarities and Distinctions

Social entrepreneurship overlaps with several concepts that share values but differ in goals, organizational forms, and mechanisms.

### 6.1. Social and Solidarity Economy (SSE / ESS)

The social and solidarity economy includes cooperatives, mutuals, associations, and other collective organizations with democratic governance and solidarity principles. It complements social entrepreneurship by offering institutional models and community-rooted structures. However, SSE often emphasizes collective ownership and internal democracy, whereas social entrepreneurship may include more diverse organizational forms and may be driven by individual entrepreneurial leadership.

### 6.2. Corporate Social Responsibility (CSR)

CSR refers to voluntary corporate efforts to integrate social and environmental concerns into business operations (Sprinkle & Maines, 2010, p. 446). CSR is typically embedded in conventional firms where profit remains primary, while social entrepreneurship integrates mission from inception and structures the business model around social value creation.

### 6.3. Social innovation

Social innovation refers to new practices, approaches, interventions, or products designed to improve social conditions and adopted by institutions and communities (Bouchard, 2006, p. 3). Social innovation may occur inside public organizations, NGOs, or companies and does not always involve entrepreneurship. Social entrepreneurship often *uses* social innovation as a means to deliver impact sustainably.

### 6.4. Social/solidarity finance and impact-oriented investment

Social finance channels financial resources into projects with social/environmental outcomes while seeking sustainability and, sometimes, financial return (Blanc, 2006, p. 17). It complements social entrepreneurship by enabling access to capital, particularly for scaling.

### 6.5. Circular economy

The circular economy promotes resource efficiency, waste reduction, reuse, and regeneration (Héry, Malenfer, & Montagnon, 2019, p. 100). It complements social entrepreneurship when ventures align environmental sustainability with social objectives (e.g., job creation through recycling value chains).

**Table 2. Social Entrepreneurship Compared with Related Concepts**

| Concept                                          | Complementarity with Social Entrepreneurship                                                         | Key Distinction from Social Entrepreneurship                                                                           |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| <b>Social &amp; Solidarity Economy (SSE/ESS)</b> | Provides collective models and solidarity-based governance structures that can host social ventures. | Stronger emphasis on collective ownership and democratic participation; may not prioritize entrepreneurial innovation. |

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|                                                          |                                                                                                              |                                                                                                          |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>Corporate Social Responsibility (CSR)</b>             | Shares concern for social/environmental outcomes; can create partnerships and resources for social ventures. | CSR is often an “add-on” within profit-driven firms; mission is not necessarily the organizational core. |
| <b>Social Innovation</b>                                 | Supplies new solutions and methods that social ventures can implement and scale sustainably.                 | May not involve entrepreneurship or business models; can remain programmatic or institutional.           |
| <b>For-profit entrepreneurship with a social mission</b> | Highlights financial sustainability and market discipline that can strengthen social venture resilience.     | Profit typically remains dominant; social mission can become secondary under market pressure.            |
| <b>Circular Economy</b>                                  | Adds environmental sustainability tools and resource efficiency logic to social venture models.              | Focus is primarily on resource cycles and environmental outcomes, not necessarily social inclusion.      |
| <b>Social/Solidarity Finance</b>                         | Provides funding mechanisms (impact investment, ethical finance) tailored to mission-driven ventures.        | Finance is an ecosystem component, not the entrepreneurial process itself.                               |

(Source: Author’s elaboration)

## 7. Management and Marketing Implications

### 7.1. Hybrid business model design

A key managerial challenge is designing business models that align mission with sustainability. Social ventures commonly rely on:

- **Direct sales** of socially beneficial products/services
- **Cross-subsidization** (paying customers subsidize beneficiaries)
- **Hybrid revenue** (sales + grants + donations + contracts)
- **Partnership-based delivery** with public agencies or NGOs

Management must ensure coherence between revenue streams and mission integrity to reduce mission drift.

### 7.2. Stakeholder marketing and multi-sided value creation

Social entrepreneurship requires a marketing approach that goes beyond customer acquisition. Stakeholder marketing includes:

- **Beneficiaries** (value-in-use, empowerment, accessibility)
- **Paying customers** (functional + ethical + symbolic value)
- **Donors/investors** (impact narratives, transparency, reporting)
- **Public authorities** (compliance, policy alignment, legitimacy)
- **Communities** (trust, cultural fit, co-creation)

This implies that the value proposition is multi-layered: functional, social, emotional, and moral dimensions can co-exist.

### 7.3. Legitimacy, trust, and brand building

In many contexts, social ventures must work hard to establish legitimacy. Marketing strategies often include:

- Clear mission articulation and consistent storytelling
- Evidence-based impact communication (not only “good intentions”)
- Community endorsements, partnerships, certifications
- Transparency about governance and financial allocation
- A strong “social brand” can reduce perceived risk and increase adoption among both customers and beneficiaries.

### 7.4. Measuring impact: from narratives to indicators

An ongoing debate concerns *how to evaluate social impact*. Stakeholders increasingly expect measurable indicators (Chabanet & Damien, 2017). Social ventures can employ:

- Output indicators (number served, services delivered)
- Outcome indicators (behavioral change, improved access)
- Long-term impact indicators (poverty reduction, environmental gains)
- Theory of Change approaches linking activities to outcomes
- Managerially, impact measurement supports strategic learning and resource acquisition; marketing-wise, it supports credibility and differentiation.

### 7.5. Scaling strategies and contextual constraints

Scaling social impact is not always equivalent to scaling revenue. Social ventures may scale through:

- Geographic replication (franchising social models)
- Partnerships and institutional embedding
- Open diffusion of innovation (sharing practices)
- Digital platforms and community networks
- However, scaling is constrained by institutional environments, funding availability, and cultural acceptance—especially in emerging markets.

## 8. Discussion: Toward a Clearer Positioning in Management and Marketing Research

The review suggests that social entrepreneurship should be treated as a hybrid organizing field rather than a narrow category of organizations. Its identity emerges from the alignment of mission, innovation, sustainability, and stakeholder governance. For management research, this raises questions about strategy under dual objectives, organizational ambidexterity, and mission drift prevention. For marketing research, it opens discussions about social value propositions, legitimacy building, trust mechanisms, and adoption in resource-constrained markets.

A particularly relevant line of inquiry concerns how social ventures manage tensions between:

- beneficiaries’ needs and customers’ willingness to pay,

- transparency demands and operational complexity,
- scaling pressures and local embeddedne

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- innovation diffusion and resource scarcity.

## 9. Conclusion

This article provided a structured and extended analysis of social entrepreneurship from a management and marketing standpoint. Historically rooted in social reform and cooperative thinking, the field became more visible through modern milestones such as microfinance and later gained institutional recognition in the 1990s and 2000s. Conceptually, social entrepreneurship is best understood as an entrepreneurial process that prioritizes social value creation through sustainable, innovative, and stakeholder-driven models.

The paper clarified distinctions between social entrepreneurship and traditional entrepreneurship and mapped complementarities and boundaries with related concepts such as SSE/ESS, CSR, social innovation, circular economy, and social finance. Finally, it highlighted managerial and marketing implications concerning business models, stakeholder marketing, legitimacy, impact measurement, and scaling.

Overall, social entrepreneurship represents a strategic pathway for inclusive and sustainable development, especially in contexts where public or market solutions alone cannot fully address social and environmental needs.

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