

ONE Magazine: The Ultimate Source for Minority Entrepreneurs

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What Is Social Entrepreneurship?

The field of social entrepreneurship is a relatively new one, so there is no catch-all, universally accepted definition as of yet, but broadly, social entrepreneurship can be defined as “capitalistic efforts which are focused on social change, social service, and/or social justice, marked by a purposeful agenda to empower the target market instead of exploit them, whether by intent or indifference.” If you review the resources listed at the end of this article and the various definitions of social entrepreneurship they provide, you will likely agree that the working definition provided here encompasses the main idea. This, however, is no wonder; ONE Magazine is a social enterprise.

Another way to sum up the spirit of social entrepreneurship is that it is simply “making money for yourself by helping others.” Ruthless capitalists may argue that lots of products and services ‘help others,’ but if we are to be totally honest, enabling people to do what they want or need to while exploiting them monetarily isn’t really “helping” them. The word “help” implies a certain unselfishness and fairness in operation that seeks to create opportunity instead of just satisfy a transaction or contract.

While it is certainly no crime to be a non-social entrepreneur, there is a certain beauty to the idea of being able to make money while empowering others who are somehow disadvantaged. Many business owners and aspiring entrepreneurs assume that the only way to make a meaningful contribution through their business without sacrificing their growth or profitability is to be “socially responsible”, donating time or profits to charitable causes once they have “made it” and can afford to do so. In the past, this was largely true. However, innovative business models designed to address social issues are being used all over the world to empower both the owners and the consumers, and the trend is growing.

Thinking that you may be a social entrepreneur at heart? As we explore the concepts of social entrepreneurs and social enterprises, you may find a new business to start or a way to remodel your business to accomplish more of your personal goals with the same amount of time and effort you are spending now.

Social Entrepreneurs and Social Enterprises

The terms “social entrepreneur” and “social enterprise” are used most often in the US, the UK, and India. However, because social entrepreneurship is an evolving field, the terms have different definitions in different countries, no doubt due to the respective development of these fields and government classifications for businesses and organizations in each country. What this article will do is provide a conceptual definition of the terms with specific examples of types of social entrepreneurial efforts, calling them “social enterprises” simply because they are formed or developed by social entrepreneurs. Hopefully, as time progresses and these business models become more popular, the terminologies will find more universal definitions that are used on a global scale.

Types of Social Enterprises

The following list of social enterprises is not exhaustive, but represents the most viable and common social enterprise business models for small business ventures and solo-entrepreneurs. Some of these business models are for non-profit organizations, some for-profit. The main idea, however, behind social entrepreneurship is that the owners and/or operators make an income by making a difference. So, even if the business structure is non-profit, that doesn’t mean no profit is made; the profit (after expenses, including salaries) is just channeled into supporting the cause and not the shareholders. The choice of non-profit or or-profit status will depend upon the

social entrepreneur's goals and objectives, as one model may serve the overall purpose more effectively than the other. Use the following list to make this determination for yourself:

1. Corporate Philanthropies

Corporate philanthropies are for-profit businesses that use portions of their resources to advance social causes or promote the public good in a particular way. Profit donation capitalism is a model that donates 100% of profits to a cause or causes, as in the case of Newman's Own. However, businesses that allocate any significant percentage of their profits to social causes can be considered corporate philanthropies.

2. Social Purpose Organizations

Organizations that build capital as a means of supporting a social purpose, like Goodwill Industries and Girl Scouts of America are considered social purpose organizations. The main objective is to fulfill the social agenda, but generating capital through the sale of goods and/or services is a means to that end.

3. Hybrids

Just like the name implies, hybrid social enterprises are businesses that are designed to make a profit for the owners, but also contribute to the broader social good. Not as specific in purpose as corporate philanthropies but more focused than socially responsible companies, hybrids are usually run by profit-focused entrepreneurs who feel very strongly about particular social issues and who use their business efforts to make a difference in those areas.

4. Social Firms

Businesses that operate specifically to create employment opportunities for the most severely disadvantaged individuals in a society, like the homeless or the severely handicapped.

5. Community Business

These are social enterprises that have a strong geographical definition and focus on local markets and services. They are trading organizations which are set up, owned and controlled by the local community and which aim to be a focus for local development and ultimately create self supporting jobs for local residents.

If you want success for yourself and underserved or disadvantaged segments of society, social entrepreneurship is a wide open field just waiting for your contribution. Get paid to give back – it's the new American Dream.