

## **Implementations of Social Entrepreneurship: A Comparative Approach in Developing Countries**

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**Abstract:** The objective of the present research is to investigate the impact of social entrepreneurship on developing countries. Based on the reviewed literature, the concept of social entrepreneurship was examined, and case studies from Turkey and Bangladesh were explored to underline the importance of social entrepreneurial activities. The study concluded that social entrepreneurship is the milestone of sustainable development.

**Keywords:** social entrepreneurship, sustainable development, the Southeastern Anatolia Project, Grameen Bank

### **Introduction**

Entrepreneurship is defined as the practice of starting new organizations, particularly new businesses in order to utilize opportunities (Mort, Weerawardena, and Carnegie, 2003). Entrepreneurs are described as innovative organizers or leaders who have an intuitive ability, instincts, unique values, shares, attitudes, and skills (Cunningham and Lischeron, 1991). There has been considerable research on entrepreneurship since the 1980s.

Researchers have conducted many studies to examine various aspects of entrepreneurship from different theoretical perspectives. The concept of social entrepreneurship is one of the prevailing issues within this trend. Social entrepreneurship gives priority to creation of social values rather than other forms of entrepreneurship. It leads to establishment of new global and local level social organizations (Mair and Marti, 2006).

The objective of the present study is to investigate the impact of social entrepreneurship on developing countries. In this respect, the concept of social entrepreneurship is examined and case studies have been analyzed to explain the importance of social entrepreneurial activities.

### **The Concept of Social Entrepreneurship**

Social entrepreneurship is poorly defined and its components are still fuzzy in the literature. Many studies on social entrepreneurship have adopted concepts and terminology used in the established entrepreneurship literature (Spear, 2006). In this respect, one of the most controversial issues is whether social entrepreneurship is an independent field of research. According to Mair and Marti (2006), definitions of social entrepreneurship can be classified into three categories. One group of researchers highlights the creation of social value by not-for-profit organizations. A second group of researchers defines the concept as a responsibility of commercial businesses. Finally, the third group views social entrepreneurship as a means to solve social problems and contribute to social transformation processes.

According to Peredo and McLean (2006), social entrepreneurship is exercised when an individual and organization aims to create social value either exclusively or in a prominent way. It is important to highlight that social entrepreneurship gives priority to creation of social values rather than other forms of entrepreneurship (Peredo and McLean, 2006). According to Dees (1998), the purpose of a business firm is to create superior value for its customer, while the primary purpose of social entrepreneurship is to pursue opportunities to address

social needs and change. Unlike traditional business entrepreneurs, social entrepreneurs primarily seek to generate “social value” rather than profit (Mort *et al.*, 2003). In other words, social entrepreneurs differ from business entrepreneurs in terms of their mission.

As argued by Dees (1998), the social mission is explicit and central for social entrepreneurs. This obviously affects how social entrepreneurs perceive and assess opportunities. The job of a social entrepreneur is to recognize and solve the problem by changing the system, spreading the solution, and persuading entire societies (Weerawerdana and Mort, 2006).

## **Social Entrepreneurship Practices in Developing Countries**

Entrepreneurship is particularly productive from a social welfare perspective when entrepreneurs also enhance social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs, and net increases in real productivity (Mort *et al.*, 2003). Several researchers have adopted social mission as a key dimension in the conceptualization of social entrepreneurship, which leads to establishment of new social organizations or non-governmental organizations (Mair and Marti, 2006). Institutions associated with social entrepreneurship can be classified into three categories: global institutions, governmental institutions, and non-governmental institutions.

Global institutions are founded by collaboration of several countries, and their mission is to enhance the life standards and the welfare of developing and/or less developed countries. The World Health Organization (WHO), the United Nations Children’s Fund (UNICEF), and the World Bank can be considered as some of global institutions. The objectives of these institutions are to reduce poverty and to solve educational, social and health related problems. In this respect, global institutions determine strategies and organize campaigns in order to draw the attention of the whole world towards helpless societies. For example, UNICEF has been organizing a campaign, Unite for Children - Unite against AIDS, in order to protect children, adolescents, and young people from AIDS. As another example, the WHO fights against Malaria in Africa. It can be concluded that global institutions focus on global problems which threaten the social, political, economic, and ecological structure of the world.

Despite of their valuable efforts, the contribution of global institutions is limited because of resource shortage, and they generally focus on the most serious problems. Apart from the support of global institutions, developing or less developed countries based on their requirements try to develop their own programs as well. Governmental institutions play a substantial role in this process. The Southeastern Anatolia Project, a multi-sector integrated regional development project in Turkey, and the Grameen Bank Project, offering microloans in Bangladesh, can be examined from this point of view.

### **The Southeastern Anatolia Project**

Turkish economy has been experiencing problems for 30 years because of political and economic crises. In addition, the percentage of young population is very high in Turkey. Because of these reasons, unemployment is the most important problem of Turkish economy. Particularly, underdeveloped regions of Turkey have been suffering severely from this problem. Thus, people have been moving from underdeveloped regions to the industrialized regions in order to seek jobs. This movement seriously impinges on the sociological and economic structures of Turkey. Current and former governments, non-governmental institutions, private foundations, and social entrepreneurs have been endeavoring to find solutions for this chronic problem. The Southeastern Anatolia Project (GAP) is one of the great consequences of these efforts.

Based on the concept of sustainable development for the 9 million people living in a region, GAP’s basic aims are to eliminate regional development disparities and to enhance the productive and employment generating capacity of the region (Southeastern Anatolia Project, 2007). Thus, civil participation in the region is a crucial factor to achieve the goals of the project. In line with sustainable human development approach, some social development projects have been carried out for some targeted social groups such as women, urban poor, children in need, and youth groups. This discussion can be summarized in the following propositions.

*Proposition 1: Central and local governmental institutions lead the social entrepreneurship in developing countries.*

*Proposition 2: Social entrepreneurial activities vary from one region to another because of demographic and social characteristics of regions.*

### **Grameen Bank**

Social entrepreneurs sometimes play more important roles than the other actors do during the implementation of social entrepreneurial activities. As a well-known example, Muhammed Yunus has changed

the life of millions in Bangladesh with his Grameen Bank project. His project allows impoverished people to become economically self-sufficient in Bangladesh. This model has been replicated in over 150 countries around the world. Turkey is one of these countries as well.

Yunus started his work by giving small amount of money to a few poor people without any collateral. After realizing the success of people, Yunus decided to expand his project. First, he got loans from banks and then saw that the best strategy would be to create an independent bank to do the work. Thus, the project was converted into a formal bank, borrowing money from the central bank to lend money to the borrowers (Grameen Bank, 2007). The bank introduced many programs such as housing loans, student loans, pension funds, loans to purchase mobile phones to become the village telephone ladies, loans to beggars to become door-to-door salesman. As a result of his outstanding project, Muhammad Yunus was awarded the Nobel Peace Prize in 2006 (Grameen Bank, 2007).

An inspired success of Grameen Bank has become a model for many developing countries. For example, Turkey started this project in 2003 in Diyarbakır which is the biggest city of Southeastern Anatolia. After the general election in 2002, the government started to implement Yunus's project, so the project was under control of the governmental institutions and authorities. Yunus played a key role in Bangladesh as a social entrepreneur, but in Turkey, the key actor was the government.

Turkish version of the project in 2003 was financially stronger than the initial structure of Grameen Bank in 1976. During the implementation of the project, the representatives of Grameen Bank have helped the Turkish authorities as well. This collaboration has brought many outstanding stories related to women's success in the region. Despite of the governmental support, the Grameen project has not become so popular among other cities. Its dependence on the governmental support can be one of the fundamental reasons of this consequence. If formal authorities and the society perceive this project as a part of governmental policy instead of a social entrepreneurial activity, the project may not achieve the success of Grameen Bank in the future. Therefore, Turkish version needs the support of non-governmental institutions and other social entrepreneurs. Participation of other actors may help to disseminate the project and decrease the negative effects of bureaucracy and politicians. This discussion brings the following propositions.

*Proposition 3: Implementations of similar social entrepreneurial activities vary from one country to another.*

*Proposition 4: The success of social entrepreneurial activities depends on the support of entire society.*

## Conclusion

Social entrepreneurship is seen as different from other forms of entrepreneurships due to relatively higher priority given to promoting social value and development versus capturing economic value. Analysis of two different cases of social entrepreneurships around the globe - the Grameen Bank in Bangladesh and the Southeastern Anatolia Project in Turkey - reveals a common feature: all these creative projects combine resources to address a social problem and thereby alter existing social structures.

The Grameen Bank, founded by Professor Muhammad Yunus in 1976, has changed the life of millions, and GAP has been changing the lives of 9 million people in Southeastern Anatolia. These successful social entrepreneurial projects become models for several countries as well. However, it is clear that one successful project may not be successful in another country because of different reasons. Social entrepreneurs regardless as an individual, an institution, or a government have to gain the support of a community in order to yield synergy from social entrepreneurial activities.

Overall, it can be concluded that social entrepreneurship should be evaluated as the touchstone of sustainable development, and governmental and non-governmental institutions have to get together and share their resources in order to change the fate of helpless people.

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