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# HISTORY OF SOCIAL ENTREPRENEURSHIP: SCIENTIFIC AND PRACTICAL APPROACHES

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## Summary

The article is dedicated to social entrepreneurship explaining. The importance of entrepreneurship is shown. Definition of entrepreneurship is given and described. Scientific and practical approaches of social entrepreneurship are deeply researched. Scientific approach is based on history of social entrepreneurship. Appearance of social entrepreneurship category in the scientific literature and deep analyze of its development as a new scientific movement and an objective of studying were shown. Practical approach deals with examples of social entrepreneurship. It is examined activities of organizations which name themselves as social by such criteria: innovation, profitability, level of growth, followers, ownership.

**Keywords:** entrepreneurship, social entrepreneurship, scientific approach, practical approach, definition, diffusion.

## Introduction

Nowadays it has become very popular to use such expression as social entrepreneurship in science, business, politics, organizations, different congregations, as well as individuals. However, there are a lot of different definitions and free use of the expression is wide spread. It should be mentioned that it is very important to show the deeper meaning of this expression. The phenomena, which is behind the expression of social entrepreneurship, is of the utmost importance in many societies all over the world today. Why? Because the power of entrepreneurship is to transform a society from the exiting level of economic, technological, social, political standards, which show to be incapable of giving justice, equal rights, and welfare conditions, that society at large requires, and create better opportunities for everyone regardless of race, religion, social class belonging etc. Social entrepreneurship is a highly specialized process conducted by dedicated specialists in the field. These specialists are independent men and women, not representing anyone or anything else, but only themselves. We must say that entrepreneurship has become social due to individual activities development in human rights. The scientific problem is that we have not seen the big change yet. The world is still suffering from economic recession. That is why it should be analyzed what is going on in the field of social entrepreneurship scientifically and practically.

The main goal is to show the difference between scientific and practical approaches of social entrepreneurship using historical facts of its developing.

Objectives will be based on research scientific publications and practical information covering social entrepreneurship.

This article consists of the following sections: summary, introduction, research methods, scientific definition of entrepreneurship, and history of scientific approach to social entrepreneurship, practical approach to social entrepreneurship, conclusions, and list of references.

## Research methods

The long scientific tradition covering entrepreneurship goes back to Richard Cantillon, *Essay on the Nature of Trade in General*, published after his death in 1755 (Sandal, 2003: 49). There is an established scientific understanding of entrepreneurship long before the appearance of the expression social entrepreneurship. Relevant literature on this topic will be accounted for based on the long research tradition, when analyzing the historical scientific approach to social entrepreneurship. Any political and other kinds of definitions will not be covered, because they are not subject of our interests.

The practice of social entrepreneurship will be analyzed based on information, which is not scientific. It is only an expression of intension and attitude of the informers. However, it is of great importance, because that shows the vivid experience and spreading in different spheres though out the society.

Conclusion will be based on analysis of the findings of both the history of scientific approach to social entrepreneurship and practical approach to social entrepreneurship measured against the scientific definition of social entrepreneurship.

## Scientific definition of entrepreneurship

Before describing the scientific definition of social entrepreneurship, we will mention the universal scientific explanation of the category entrepreneurship. It is a commonly spread opinion between scientists that Theorie der wirtschaftlichen Entwicklung, Schumpeter, 1912 (Theory of economic development, Schumpeter, 1934) postulated the fundament of modern entrepreneurship theory. His writings described a complete theory of the single entrepreneur as a social agent in an economic system, carrying out “the new combinations” and making an entrepreneurial profit. According to J. Schumpeter, the entrepreneur brings about a change in the economy, which represents a shift from the old and exhausted, full-ended paradigm, starting a dynamic development on a higher technological level.

One strategic feature of Schumpeter theory is the principal of adaptors, new comers or old players, who change the way of production adjusted to the new way of producing. Both the existence of entrepreneurial profit as the fact that followers appear on the market are strong evidences of successful entrepreneurship.

In Schumpeter’s theory, the entrepreneur is the manager of capital, but he is not the owner, because he borrowed it from the bank. His good name and reputation is on stake; if his enterprise shows to be a failure, he will lose no capital, but his good name.

Innovation (the new combinations of the first and second input factors of the production function) demands usually a minimum of capital to be invested. When entrepreneur launches the new product on the market, further expansion of the production will sufficiently be sustained by turnover.

## **History of scientific approach to social entrepreneurship**

The first scientific approach to what has become to be known in a scientific context as social entrepreneurship might be the first draft of “The Meaning of “Social Entrepreneurship” by the American scientist Gregory Dees, published on October 31, 1998 (Dees, 1998). He was asked by Kauffman center on Entrepreneurial Leadership at Ewing Marion Kauffman Foundation to define the expression (Sandal, 2007: 29). Dees had spent most of his academic career at Harvard Business School and in 1995 he received Harvard Business School Apgar Award for innovation in Teaching as acknowledgement for his new course “Entrepreneurship in the social sector” (Sandal, 2007: 54-55.)

Gregory Dees defines social entrepreneur coming back to the Say, Schumpeter traditions, that entrepreneurship is something that takes place in the market. When the market is not capable to pay for products or services, Dees pointed to the fact, that the act of philanthropy is needed.

Gregory Dees, in his 1998 draft, explained social entrepreneurship through the act of social entrepreneurs. Social entrepreneurs play the role of change agents in the social sector, by:

- Adopting a mission to create and sustain social value (not just private 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 and for the outcomes created (Dees, 1998: 4).

Social entrepreneurs are different from business entrepreneurs in many ways, according to Dees. The key difference is that social entrepreneurs set out with an explicit social mission in mind. Their main objective is to make the world a better place. This affects how they measure their success and how they structure their enterprises.

Another interesting and wide research of social entrepreneurship was made by the Norwegian scientist Jan-Urban Sandal in his Master thesis at Lund University in Sweden in 1984. The thesis analyzed the scientific tradition in Say-Schumpeter entrepreneurship development and concluded that entrepreneurs according to the Schumpeter theory are unique.

At the beginning of the XXI century there was no science in the Scandinavian countries on topics of social entrepreneurship. The field of social entrepreneurship both scientifically and pragmatically, had stayed untouched in the Scandinavian countries until Dr. Jan-Urban Sandal published the first scientific writing in 2004. It was called Social entrepreneurship (Sandal, 2004). One of the main reasons for publishing the first academic writing was to inform the Nordic academics, but also business in general and the political and governmental systems about social entrepreneurship.

Dr. Sandal defined social entrepreneurship as a special form of management, which purpose is to run a production function in such a way as to ensure the increase of value for all the participating parties in that function (Sandal, 2004).

Such definition shows us the deep context of entrepreneurial activity, which main goal is to reach both economic and social value.

In 2006 the next writing on social entrepreneurship was published with the title The Social entrepreneur – a Case. The same time Dr. Jan-Urban Sandal made his first scientific research journey on the topic to the

USA, which resulted in a new book published the year after.

After publishing of the book (The Social Entrepreneur – Agent licensed to change) in 2007, which was the first academic book on the topic in Scandinavia, Fil. Dr. Jan-Urban Sandal Institute received many queries and many new contacts not only in Norway but also throughout the Scandinavian countries. One of the most important conclusions of this book was that social entrepreneurship excludes activities like outsourcing, the privatization of public enterprises, exposure to competition, voluntary work, job market ventures, charity work, founding schemes or a form of exploitation of weaker groups or of the individual's situation in life, in the name of socio-political objectives or private gain (Sandal, 2007).

During autumn 2007 study course in social entrepreneurship, which had been a popular course, taught at universities and at Fil. Dr. Jan-Urban Sandal Institute, the program was extended to a 20-weeks full time education in the field of social entrepreneurship, business administration, sociology etc. The combined courses became Social Entrepreneur School IBS. Interest of social entrepreneurship among students, teachers, business professionals, job seekers, and a wide range of other individuals was constantly growing. However, there was no summit series covering social entrepreneurship or social innovation at the time. Due to lecturing and promoting social entrepreneurship, it was a logical action to start up the Summit. Not because of the huge marked response, of course, but as an independent scientific approach to issues within the Institute's topics.

Summit in social entrepreneurship is a non-profit, independent and neutral seminar series open for everyone who has interest of or associate with the issues. Participation is by invitation only and participation is free of charge. At the same time, Fil. Dr. Jan-U. Sandal Institute does not pay any kind of salary or benefits for keynote speakers, performers or any other kind of contributors to the seminars.

Summit in social entrepreneurship promotes basic democratic norms. All participants have full access to activities arranged by Summit in social entrepreneurship. Political or religious propaganda or preaching is not accepted during summit meetings.

Summit in social entrepreneurship is science and knowledge based, and promotes knowledge of innovation. Everyone is welcome to present their science, processes, projects, or to participate in the audience and take part in the conversations, roundtable debates, workshops etc. (Sandal, 2014: 10-11).

In addition, it is important to cover such actual presentation of Dr. Sandal as The Social Entrepreneur Pyramid (SEP). It is organizing different kinds of players in the field of social entrepreneurship. Entrepreneurs are organized in five different levels, from top to bottom:

- Business entrepreneurs,
- Leading social entrepreneurs,
- Social business entrepreneurs,
- Adaptors and Change Makers,
- Benefactors.

Business entrepreneurs are represented in accordance with the theory of Say-Schumpeter tradition. It is meant that their activity must be based on innovation and make entrepreneurial profit. They can be active in any sector of economy, not only in the social sector.

Leading social entrepreneurs have the same characteristics as Business entrepreneurs, but their activities are limited to the social sector.

Social business entrepreneurs open up a new or traditional business on a new market in the social sector.

Adaptors are classical followers of Business entrepreneurs in every sector of the economy.

In the same way as Adaptors are followers of Business entrepreneurs Change Makers are followers of Leading social entrepreneurs in social sector of the economy.

Benefactors are individuals with resources, who want to put up innovations in the local community. The aim is to contribute to change, and they use their private money, time, skills, networks and positive attitude.

The higher their placing, the fewer they are in number, but the greater their significance as agents of change. The lower their placing, the greater they are in number, but the smaller their significance as agents of change. Having a place in this Pyramid means contributing to the process of democratization in the form of direct participation in decision making, greater fairness and less dependence (Sandal, 2010: 33.).

Except Summit in social entrepreneurship, there are two Global scientific activities.

The first project is called In the Footsteps of the early Joseph Alois Julius Schumpeter. Acronym – Footsteps.

As in 2012, it was marked one hundred years of the first publishing of Joseph Alois Julius Schumpeter's The Theory of Economic Development, Dr. Jan-Urban Sandal started a research program: In the footsteps of Joseph Alois Julius Schumpeter. The program included many activities; visiting main sites where the famous economist used to live and work, in-depth interviews with key persons on site, research in relevant archives, collecting and spreading information about Schumpeter's science globally through academic institutions, libraries, organizations, forums and summits. The activities also included the beginning of a global lecture

program, primarily based on Schumpeter's theories, separate authorship of papers, articles and books based on the findings of science program.

After three and a half years of this project, the results are scientific findings, which have been published in scientific articles.

The second project is called The Hunt goes on – in the World Libraries. Acronym – The Hunt.

In 2003, Dr. Jan-Urban Sandal defended the philosophical doctorate in Economic History at Lund University. The Title of the Thesis was: In search of the Entrepreneur – can Joseph A. Schumpeter's theory be used to identify and differentiate Entrepreneurs in the 21st century? The hunt goes on – 10 years has brought valuable new knowledge and dissemination of independent international science out, not only in the Nordic waters, but also worldwide. It is nevertheless obvious that not all science environments, scientific researchers as general users of libraries have access to relevant and valuable literature to the extent that is desirable and appropriate. Innovation and entrepreneurship are disciplines, which require broad participation from people that society should develop in a democratic direction, and that is exactly why the dissemination of information, like a book or articles are of great importance, both in terms of knowledge and contexts as inspiration for the individual. What is located of English literature in innovation, entrepreneurship, and social entrepreneurship in the world libraries, and is there interest in acquiring more (Fil. Dr. Jan-U. Sandal Institute, 2015).

## **Practical approach to social entrepreneurship**

The result of successful social entrepreneurship is economic development, equal rights, a better world, peace, freedom, a more secure society for everyone and technological, economic, a social progress (Sandal, 2007). These goals are very important for each country. That is why it is necessary to investigate and implement social entrepreneurship as contemporary situation demands new solutions on emerging issues in social and economic sectors. For this reason, it should be mentioned practical experiences in social entrepreneurship development. However, it is very difficult to find examples of social entrepreneurial activity from scientific point of view. There is a great amount of good examples from political point of view. However, our interests are to identify activities, which meet the following criteria: innovation, profitability, level of growth, followers, ownership.

### **1. Ashoka**

Ashoka is the largest network of social entrepreneurs worldwide, with nearly 3,000 Ashoka Fellows in 70 countries putting their system changing ideas into practice on a global scale. Founded by Bill Drayton in 1980, Ashoka has provided start-up financing, professional support services, and connections to a global network across the business and social sectors, and a platform for people dedicated to changing the world. Ashoka, according to themselves, launched the field of social entrepreneurship and has activated multi-sector partners across the world who increasingly look to entrepreneurial talent and new ideas to solve social problems.

Ashoka's main slogan is: „identifies and invests in leading social entrepreneurs“.

Its vision is to advance an Everyone a Changemaker world, where anyone can apply the skills of changemaking to solve complex social problems.

Its mission is to support social entrepreneurs who are leading and collaborating with changemakers, in a team of teams model that addresses the fluidity of a rapidly evolving society. Ashoka believes that anyone can learn and apply the critical skills of empathy, team work, leadership and changemaking to be successful in the modern world.

Ashoka's mission has evolved beyond catalyzing individual entrepreneurs to enabling an „everyone a changemaker“ world. This means equipping more people – including young people - with the skillset and a connection to purpose so that they can contribute ideas and effectively solve problems at whatever scale is needed in their family, community, city, workplace, field, industry, country. This evolution comes from the urgent realization that the pace of change is accelerating in an increasingly complex and interconnected world. Ashoka strategic initiatives focus on setting in motion the people, resources and ecosystems that will bring about a social revolution where everyone contributes to change for the good of all. Working in partnership with private, philanthropic and citizen sector players they are achieving large-scale social innovation that is grounded in decades of entrepreneurial experience.

Bill Drayton pioneered the field of social entrepreneurship. For thirty years, Ashoka has been at the forefront of identifying and supporting the leading social entrepreneurs who are changing patterns and transforming systems. Venture is the mechanism through which Ashoka finds and supports the world's leading social entrepreneurs. It is the flagship model upon which Ashoka was founded and remains the heart of Ashoka.

Ashoka's team believes that the growth of a global citizen sector begins with the work of individual social entrepreneurs. These entrepreneurs drive the sector forward, responding to new challenges and

changing needs. They are rooted in local communities but think and act globally. They are the ultimate role models and the pillars of Ashoka's vision of Everyone a Changemaker.

The scale and complexities surrounding social issues like poverty, abuse, corruption and environmental degradation are such that to change the trajectory in a significant way, the world needs continuing innovation and the empowerment of more and better problem solvers.

Ashoka defines social entrepreneurs as individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to move in different directions.

According to Ashoka's values, entrepreneurs change the face of business, social entrepreneurs act as the change agents for society, seizing opportunities others miss to improve systems, invent new approaches, and create solutions to change society for the better. While a business entrepreneur might create entirely new industries, a social entrepreneur develops innovative solutions to social problems and then implements them on a large scale.

Analyzing Ashoka organization, we should mention about its specific name. Why it is called Ashoka?

Ashoka the Great, was an Indian emperor of the Maurya Dynasty who ruled almost all of the Indian subcontinent from c. 268 to 232 BCE. He was the cruel emperor, but at the end of his life he turned and became a kind one. Ashoka began to do a lot of social things for his nation (Official site of Ashoka). That's why Bill Drayton used this name for calling his organization. It is like a symbol, that nowadays social entrepreneurs make people's life better, because they deal with the social sector.

## 2. The Skoll Foundation

The Skoll Foundation drives large-scale change by investing in, connecting, and celebrating social entrepreneurs and innovators who help them solve the world's most pressing problems.

The Skoll Foundation main slogan is: „drives large-scale change by investing in, connecting, and celebrating social entrepreneurs“.

Their values: The following core values inform their mission; guide their actions; and undergird their culture. Leverage: They seek leverage to achieve “a whole lot of good” from their investment of time and resources. Respect: They respect the individual and the power of community. Responsibility: Individually and collectively, they embrace a profound sense of responsibility. Tough-Minded Optimism: They are disciplined, rigorous, and hopeful. Innovation: Inspired by the social entrepreneurs they serve, they challenge themselves to innovate as well.

Jeff Skoll created the Skoll Foundation in 1999 to pursue his vision of a sustainable world of peace and prosperity.

Led by CEO Sally Osberg since 2001, their mission is to drive truly transformative change—equilibrium change – by supporting the social entrepreneurs who recognize the systems in need of change and then advance social progress by developing powerful models for change that disrupt a suboptimal status quo and transform our world for the better.

By identifying the people and programs already bringing positive change around the world, they empower them to extend their reach, deepen their impact, and fundamentally improve society on a local to global scale. Since 1999, the Skoll Foundation has led the charge for social entrepreneurship, buoyed by the knowledge that social entrepreneurs are the world's best bet for solving some of the world's thorniest problems.

The Skoll Foundation has invested approximately \$400 million worldwide, including the Skoll Award to 112 social entrepreneurs and 91 organizations on five continents.

Their approach to seeking solutions to the world's most pressing problems has social entrepreneurs at its center. Why? Because these extraordinary leaders and their organizations are creating innovative models to drive equilibrium change - the disruption of social, economic, and political forces that enable inequality, injustice, and other thorny social and environmental problems to persist. By disrupting the status quo, social entrepreneurs open up the space for solutions to take root, scale, and become the foundation of profound social transformation and a more peaceful and prosperous world.

Social entrepreneurs both take direct action and seek to transform the existing systems. They seek to go beyond better, to bring about a transformed, stable new system that is fundamentally different than the world that preceded it.

The Skoll World Forum on Social Entrepreneurship was launched to provide a space to help forge those connections and morph them into real partnerships and impact.

The Skoll Foundation cultivates an ecosystem approach to driving equilibrium change, supporting and creating the conditions for social entrepreneurs' innovations and models for change to flourish by:

- Investing in those innovations and models when they are ripe to deliver outsized impact and drive

large-scale change to create a completely new, more just and equitable equilibrium.

- Building networks, collaborations, and partnerships to help scale the impact of social entrepreneurs.
- Leveraging media and storytelling to drive awareness, learning, and greater impact (Official site of The Skoll Foundation).

### **3. The Schwab Foundation**

The Schwab Foundation for Social Entrepreneurship is a not-for-profit, independent and neutral organization, founded in 1998, with the purpose to advance social entrepreneurship and to foster social entrepreneurs as an important catalyst for societal innovation and progress. The Foundation is under the legal supervision of the Swiss Federal Government and is headquartered in Cologne-Geneva, Switzerland.

Professor Klaus Schwab created the World Economic Forum as an independent, not-for-profit foundation in 1971 and built it into the foremost global community of world leaders in business, government, academia and civil society committed to improving the state of the world.

In 1998, Klaus Schwab and his wife Hilde decided to create and provide an initial endowment for a second complementary foundation, the Schwab Foundation for Social Entrepreneurship, with the purpose to promote entrepreneurial solutions and social commitment with a clear impact at the grassroots level.

The World Economic Forum and the Schwab Foundation work in close partnership to provide Social Entrepreneurs with a platform to showcase their important role in today's society. Since its creation, the Schwab Foundation for Social Entrepreneurship has supported the selected Social Entrepreneurs of its network to actively participate in the events and initiatives of the World Economic Forum, providing them with an opportunity to draw on the support, knowledge and networks of its Members and constituents.

While the World Economic Forum and the Schwab Foundation cooperate closely, they are separate legal identities and have different Foundation Boards.

The Schwab Foundation main slogan is: „advance leading models of sustainable social innovation“.

The Foundation's main activities include:

Identifying and highlighting the world's leading social entrepreneurs: annually, the Foundation select 20-25 Social Entrepreneurs from a pool of applicants through a global “Social Entrepreneur of the Year” competition. The profiles of the selected social entrepreneurs can be searched and viewed online.

Community building: Currently, over 260 social entrepreneurs form part of the Schwab Foundation community. They come from around the world and work in a wide range of sectors, but they have many challenges and characteristics in common. The Foundation fosters the peer-to-peer exchange of the social entrepreneurs and supports the replication of their methodologies among each other.

Connecting social entrepreneurs: The Foundation supports the participation and active involvement of its selected social entrepreneurs at the regional and global meetings of the World Economic Forum. These meetings offer unique opportunities for social entrepreneurs to connect with corporate, political, academic, media and other leaders.

Generating solutions in partnership: Social entrepreneurs participate in Forum initiatives, the conversations shaping the future agendas of industries, and are experts for the Forum's Global Agenda Councils. The Foundation works with selected companies to advance specific activities of social entrepreneurs or initiatives that support social entrepreneurship (partners).

The next generation of social entrepreneurs: The Foundation works with the Forum of Young Global Leaders to identify rising social entrepreneurs with a significant impact under the age of 40.

Additional services: The Foundation works with Harvard University, Stanford University and INSEAD to provide scholarship opportunities to the best executive education courses in the field to the selected social entrepreneurs. The Foundation works closely with leading academic institutions to publish case studies on specific social entrepreneurs for incorporation in undergraduate and graduate level courses.

The Schwab Foundation does not give grants. Rather, it invests its limited resources in creating unprecedented opportunities where social entrepreneurs who have successfully implemented and scaled their transformational idea, can further the legitimacy of their work, have access to usually inaccessible networks, and in consequence, mobilize the financial and in-kind resources that enable them to continue to strengthen and expand (Official site of The Schwab Foundation).

### **4. Grameen Bank. Banking for the poor**

Grameen Bank (GB) has reversed conventional banking practice by removing the need for collateral and created a banking system based on accountability, mutual trust, creativity and participation. Grameen Bank provides credit to the poorest in Bangladesh, without any collateral. At Grameen Bank, credit is a cost effective weapon to fight poverty and it serves as a catalyst in the overall development of socio-economic conditions of the poor who have been kept outside the banking orbit on the ground that they are poor and

hence not bankable. The founder of “Grameen Bank” is Muhammad Yunus, and he is its Managing Director.

The main activity of this bank is micro financing.

Microfinance is a source of financial services for small businesses, entrepreneurs and private individuals lacking access to banking and related services of bank. The two main mechanisms for the delivery of financial services to such clients are:

- relationship-based banking for small businesses and individual entrepreneurs.
- group-based models, where some entrepreneurs come together to apply for loans and other services as a group.

There are four interest rates for loans from Grameen Bank: 20% (declining basis) for income generating loans, 8% for housing loans, 5% for student loans, and 0% (interest-free) loans for Struggling Members (beggars). All interests are simple interest, calculated on declining balance method. This means, if a borrower takes an income-generating loan of say, Tk 1,000 (Taka – national currency), and pays back the entire amount within a year in weekly instalments, she'll pay a total amount of Tk 1,100, i.e. Tk 1,000 as principal, plus Tk 100 as interest for the year, equivalent to 10% flat rate.

Bangladesh has a population of more than 158 million people, of whom approximately 8,4 million are customers of Grameen Bank.

## 5. Micro financing in Europe

Followers of Muhammad Yunus and micro financing are existing in Europe. One of them is in Norway. Representer, Unni Beate Sekkesaeter, naming herself a social entrepreneur, has been actively promoting this kind of business activity. She was inspired to start it while traveling through India. She met one woman, who had at one time participated in some micro-financing program. Since 1996, Unni Beate Sekkesaeter has been working with micro financing. She started a project, Mikrofinans Norge (MFN), and collaborates with Professor Muhammad Yunus, who is famous for his work in microcredit.

MFN provides loans to people who cannot get a loan anywhere else. The loan amounts range from \$300 to \$30,000. Many people take out multiple loans, paying one off and then taking out another one, until they can effectively manage on their own.

Nevertheless, a micro loan is only one of many things needed to start up a business. There is also education and training, which are equally important. That is why all loan recipients must go through a comprehensive training program.

Over the years, Unni Beate Sekkesaeter has been part of many people's success stories, like the one about an ex-convict who started a business and soon had several people working for him. His business now has a monthly turnover of \$25,000 (Giertsen, Peder).

## 6. Ferd's social entrepreneurship

Ferd AS, a major Norwegian company, has a special division for social entrepreneurship FSE. Ferd invests in social entrepreneurs that reflects vision to create enduring value and leaving lasting footprints. Ferd's social entrepreneurs have innovative solutions to society's challenges, driven by the social results; have a financial model that makes the business sustainable and ready for growth.

FSEs portfolio companies targets children and youngsters and enables them to face challenges and new opportunities. They contribute with financing, network and expertise in business development and strategy. Many Ferd executives are also involved in social entrepreneurship and some even sit on the board of Ferd-supported enterprises, quantity of which are twelve (Official site of Ferd company: <http://www.ferd.no/en>).

Observing these prominent examples of social entrepreneurship promotion and development in different parts or of the world we must say that they are important for the society and for solving social problems. Also all of them consider themselves as active entrepreneurs and leaders in social improvement. These organizations and people do a very important work in dimensioning the social entrepreneurship movement. They want to use and implement innovations in social life. They help active and passionate people to achieve their social aims by working with innovative changes, which can be understood according to J. Schumpeter's theory.

For example, Ashoka says that it is working in partnership with private, philanthropic and citizen sector players, which achieve large-scale social innovations that is grounded in decades of entrepreneurial experience. The Skoll Foundation is seeking solutions to the world's most pressing problems by creating innovative models to drive equilibrium change - the disruption of social, economic, and political forces that enable inequality, injustice, and other thorny social and environmental problems to persist. The Schwab Foundation for Social Entrepreneurship has the purpose to advance social entrepreneurship and to foster social entrepreneurs as an important catalyst for societal innovation and progress. Grameen Bank (GB) and followers of Muhammad Yunus have promoted an innovation approach in conventional banking practice by removing the need for collateral and created a banking system based on accountability, mutual trust, creativity and participation. And



Ferd's social entrepreneurs have innovative solutions to society's challenges, driven by the social results; have a financial model that makes the business sustainable and ready for growth.

Next criteria for our analyze is profitability. Ashoka does not make any kind of profit and they don't give any information about its 3000 Fellows profitability. The Skoll Foundation helps to get money for social entrepreneurs, which obviously must be profitable, because social entrepreneur is an agent who gains profit and give social value. The Schwab Foundation is a not-for profit. All three of them do not make profit, because they act as private organizations, which collect money.

Grameen Bank is a profitable one, because it gives loans and has deposits. Also Ferd social enterprises are profitable according to their official statistics.

Level of growth. These organizations have existed for a long period and many of them are now at a very large scale. They are presented in many countries and even continents.

Each of them has a vast quantity of followers, because they have had a good promotion and presence in many media, social networks and even governmental level.

Ownership is the last criteria. These organizations and social entrepreneurs, which cooperate with them, definitely have some intellectual property, which they use for own purposes. However, their main functions are education, information and consulting (single owners as in Schumpeter's theory).

## Conclusions

The history of social entrepreneurship is a very important part of the whole entrepreneurship development movement, because it is a new level of existing and running businesses. The contemporary world and economic environment demand new approaches in each sphere of society's life. That is why we have tried to describe and analyze scientific and practical approaches of social entrepreneurship in this article. Social entrepreneurship can really improve people's life if we understand it correctly and implement in a proper way. Scientific approach helps us to understand its deep meaning and significance. Social entrepreneurship is an activity, which main goal is to reach both economic and social value. These basic norms naturally strengthen the democracy development in each country as society begins understand that each person must work and respect uneasy work of others.

By analyzing scientific and practical approaches of social entrepreneurship, we can propose such necessary directions of its further development and implementation. First, promoting of social entrepreneurship in different spheres of our life is really of great importance, because contemporary life is cruel for many people. Second, social entrepreneurship can help people's life being better. Third, correct scientific understanding of such definitions as social entrepreneur and social entrepreneurship are the way of rising educational level of the society. Fourth, practical approach is also an inherent part of social entrepreneurship development. Nevertheless, for further improvement it should be properly implemented and explained. Today it is very often described like propaganda without clear aims and social values.

Our main recommendations are further social entrepreneurship explaining and spreading to young passionate people who want to change the world to the better.

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## Santrauka

### **SOCIALINIO VERSLUMO ISTORIJA: MOKSLINIS IR PRAKTINIS POŽIŪRIAI**

Straipsnis yra skirtas socialinio verslumo istorijai. Visų pirma, paaiškinama verslumo galia. Yra pateikiamas verslumo apibrėžimas. Parodomas skirtumas tarp verslumo ir socialinio verslumo. Giliai tyrinėjamas socialinis verslumas moksliniu ir praktiniu požiūriais. Mokslinis požiūris į socialinį verslumą yra grindžiamas ilga tyrimų tradicija, naudojant atitinkamą literatūrą. Atliekama gili mokslinė socialinio verslumo vystymosi, kaip naujo mokslinio judėjimo ir studijų tikslo, analizė. Pateikiamas Amerikos mokslininko Gregory DEES ir Norvegijos mokslininko dr. Sau-Urban Sandal indėlis į socialinio verslumo mokslinę sklaidą.

Socialinio verslumo praktika analizuojama remiantis informacija, kuri nėra mokslinė. Tai tik informantų požiūris. Tačiau jis yra labai svarbus, nes tai rodo ryškią patirtį ir sklaidą įvairiose srityse. Praktinis požiūris siejamas su socialinio verslumo pavyzdžiais. Nagrinėjama organizacijų, kurios save laiko socialinėmis, veikla pagal šiuos kriterijus: inovacijos, pelningumas, lygio augimas, pasekėjai, nuosavybė. Straipsnyje aprašytas Ashoka (didžiausias tinklas socialiniams verslininkams visame pasaulyje), The Skoll fondas, socialinio verslumo Schwab fondas, Grameen bankas (bankas vargšams), Micro finansavimas Europoje (Muhammad Yunus, Grameen banko įkūrėjo, sekėjas), FERD'o socialinė verslininkystė (Ferd'o svarbiausia Norvegijos bendrovė).

Išvada suformuota išanalizavus socialinio verslumo istorinius faktus tiek moksliniu, tiek praktiniu požiūriu, remiantis socialinio verslumo moksliniu apibrėžimu. Socialinio verslumo Istorija yra labai aktuali tema visam verslumo vystymuisi, nes tai yra naujas esamo ir veikiančio verslo lygis. Šiuolaikinis pasaulis ir ekonominė aplinka reikalauja naujų požiūrių į kiekvieną visuomenės gyvenimo sritį. Tolimesniam socialinio verslumo vystymui reikia aiškiai suvokti socialinį verslumą, jo tikslus ir socialines vertybes.