

Theory is not equal reality or is it?

A comparison of the common understanding of social entrepreneurship with the reality in Lithuania

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Research question

Is the common Western understanding of social entrepreneurship applicable in or transferrable to a non-western country (Lithuania)?

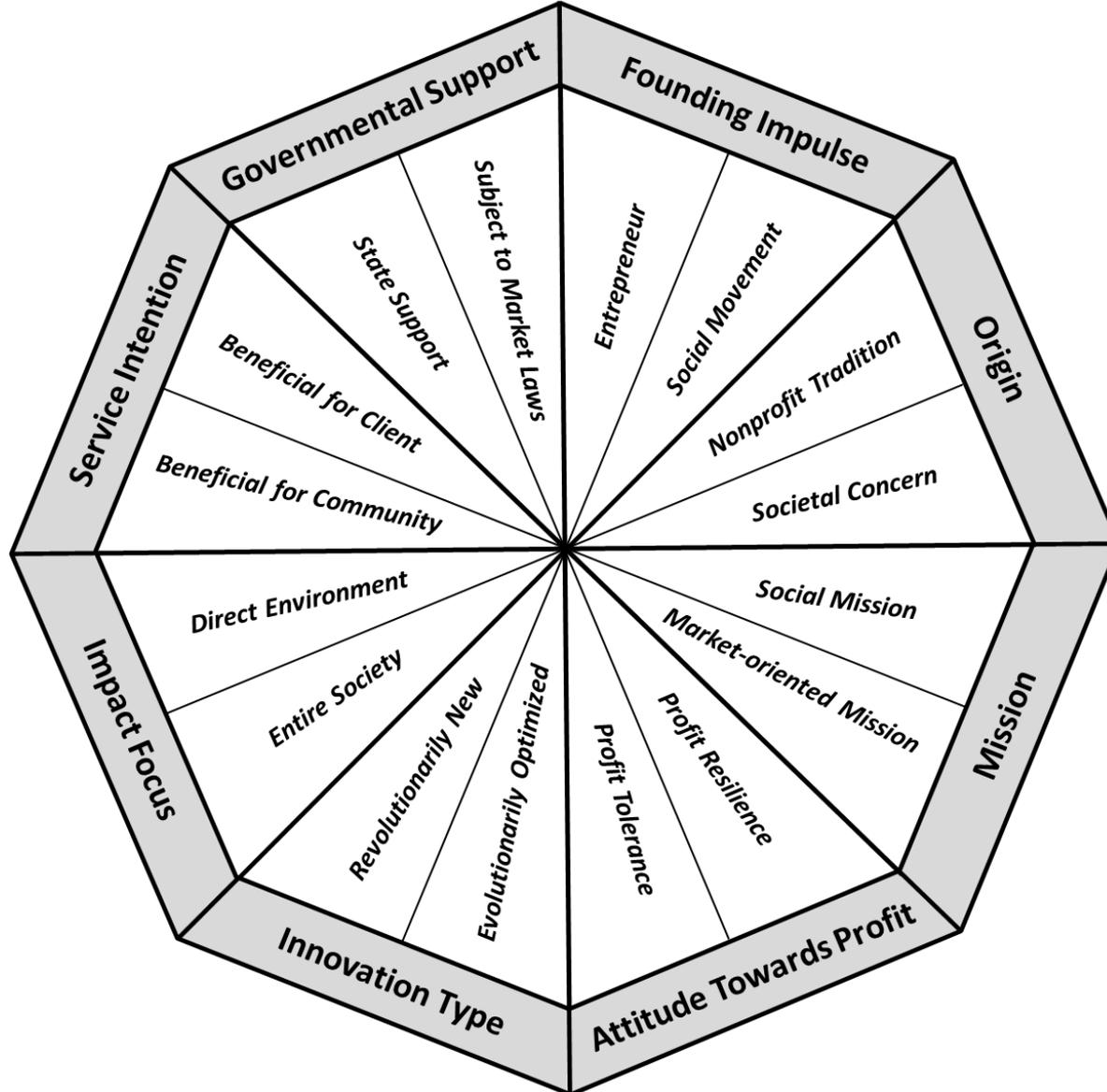
Approach

1. Literature review of existing definitions of SE (focus: contrasting understandings)
2. Establishment of a Western framework
3. Operationalization of understandings
4. Quantitative part; survey with participants of the Social Enterprise Summit 2016
5. Qualitative part; 11 semi-structures interviews with experts of the field

Literature review

- Search for articles published in leading management, entrepreneurship and nonprofit journals whose main topic is SE.
- Selection of articles that contain the words *social entrepreneurship*, *social entrepreneur*, *social enterprise*, *social venture*, *social business* in abstract.
- Special attention was given to differences in the understanding. Whenever such a contrast was detected we were searching for confirmation in other articles.

Western framework: Social-Entrepreneurship-Octagon



Operationalization of understandings

Contrasting understandings	Operationalization		
Founding Impulse	Social businesses should be created by efforts from entrepreneurial individuals.	vs.	Social business should be created by efforts from community rooting in social movements.
Origin	Social businesses should emerge from a non-profit idea/understanding.	vs.	Social businesses should arise from attempts to solve social problems.
Mission	The mission of social businesses should be focused on social issues and/or fight societal deficiencies.	vs.	The mission of social businesses should focus on the needs of their customers/clients, as well as the offer of their competitors.
Attitude Towards Profit	It is important that social businesses are profitable.	vs.	The pursuit of profit should not be the most important factor; instead social businesses should more focus on social issues.
Innovation Type	The social business model should be based on a completely new idea.	vs.	Social businesses should include existing ideas and develop them further.
Impact Focus	The goods and services of social businesses should serve the whole society.	vs.	The goods and services of social businesses should primarily serve individuals of the direct environment of the social entrepreneurs.
Service Intention	Social businesses should be beneficial for the client or customer.	vs.	Social business should be beneficial for the community.
Governmental Support	Social businesses should be supported by the state.	vs.	The state should not support social businesses; instead they should be subject to market laws.

Table 1: Operationalization of understandings

Survey with participants of the Social Enterprise Summit

- Third edition
- Organized by the British Council, the Ministry of Economy, NVO Avilys and NGO Geri Norai
- 140 participants
- Working for social enterprises, businesses, non-governmental and community organizations as well as governmental and local municipality representatives
- Common denominator: Interest in social enterprises
- Response rate: 98
- Respondents had to compare two contrasting statements and choose which one better describes social businesses

Results (method: semantic differential)

	3	2	1	0	1	2	3	
	←				→			
Nonprofit Tradition						1.7**		Societal Concern
Social Mission			1.1**					Market-oriented Mission
State Support			1.1**					No State Support
Beneficial for Client					0.9**			Beneficial for Community
Profit Tolerance					0.8**			Profit Resilience
Entrepreneur					0.3			Social Movement
Revolutionarily New					0.2			Evolutionarily Optimized
Direct Environment					0.2			Entire Society
One sample t-test, ** = $\alpha \leq 0.05$								
Table 3: Understanding of social business in Lithuania; results of semantic differential								

Discussion of results with experts

Identifi- cation code	Characteristic and function
I1	Female; scientist, conducts research on entrepreneurship; Prof. Dr.; head of department at the university
I2	Male; Dr.; consultant expert at the University (Executive School)
I3	Female; project manager at a social business accelerator; coordinator at non-governmental organization
I4 & I5	Female; project managers at a business-promoting agency for enterprises
I6	Male; head of non-governmental organization; former director of the Department at Ministry of Economy of the Republic of Lithuania; former catalyst of a Hub
I7	Female; CEO of non-governmental organization working with young people through programs of volunteering; co-founder of a social business program
I8	Female; co-founder of non-governmental organization; program coordinator at a non-governmental organization
I9	Male; founder of different non-governmental organizations
I10	Male; member of Knowledge Economy Forum; former executive director of an association
I11	Male; chief specialist of small and medium-sized business division at the Ministry of Economy of the Republic of Lithuania.

Table 2: List of interviewees (March/April 2016)

Findings I – societal concern as origin

- **Social businesses should primarily get established to address social and societal challenges.**

“Social entrepreneurship is nothing else but dealing with social problems, with societal or community based problems using business models.” [I2]

“Social businesses in Lithuania want to promote the awareness of some kind of social problems. They do advocacy. Some of them do empowerment. They want to spread their message in the society.” [I3]

“Social business is more of about improving things, you see what is not going well in society and you want to change this situation.” [I8]

Findings II – social mission

- **Social businesses should have a social mission.**

“The initial aim or mission of social businesses should be a common interest and not profit making.” [I2]

“The most important thing is mission and how you reinvest all the money you get from your business. The most important thing is how you really solve the problem with the money you earn. Some people say it's all about motivation. It's all about your social mission.” [I4&5]

“You have to be focused on your social or environmental mission.” [I6]

Findings III – governmental support

- **Social businesses should get support of the state.**

"In the culture we don't have a tradition to give, we have a tradition to take and we have a tradition of a government that gives." [I10]

"As we are doing advocacy, it is very important to have at least ten super cool social businesses so that you can ask government for financial support, we have to show results of social businesses and this is only possible with successful examples." [I3]

"A social business support fund run by the state would help because for regular businesses such a fund exists. Run by the state at the ministry of economy. This same foundation should have a separate arm that only supports social entrepreneurship." [I2]

Findings IV – beneficial for community

- **Services of social businesses should be beneficial for community.**

[Social businesses] should create jobs.” [I1]

“Social entrepreneurship is nothing else but dealing with [...] community based problems using business models. The initial aim [...] should be a common interest.” [I2]

“Social business is more connected with dealing with community.” [I4&5]

Findings V – profit resilience

- **The pursuit of profit should not be the most important factor.**

“Social business is a business which main aim is a social good, instead of profits in monetary terms, but of course it seeks money in order to be sustainable and in order to be able to invest more into social goods.” [I8]

“It's not mainly for profit, but for impact, this doesn't mean that profit doesn't matter. And all the profit has to be reinvested to the organizational activity. And employees should get a normal salary.” [I3]

“You have to be focused on your social or environmental mission, you have to reinvest profits or at least 50% of them and you don't have to delay on subsidies, so you have to make at least 50% of your profits with your products or services.” [I6]

Further analysis I

	3	2	1	0	1	2	3	
	←			0	→			
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Table 3: Understanding of social business in Lithuania; results of semantic differential

Further analysis II

Understanding	Mean	Variance	Sum of absolute deviation from mean	Findings
Founding Impulse Entrepreneur vs. Social Movement	0.3	1.55	106	Indifferent No «OR»
Innovation Type Revolutionarily New vs. Evolutionarily Optimized	0.2	1.38	96	Indifferent No «OR»
Impact Focus Direct Environment vs. Entire Society	0.2	1.77	137	Both poles «OR»

Social-Entrepreneurship-Hexagon for Lithuania

