

# The Effective Methods and Practices for Accelerating Social Entrepreneurship Through Corporate Social Responsibility

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## Abstract

The concepts of Social entrepreneurship and Corporate Social Responsibility have similar values from the social value perspective. Social entrepreneurship focuses on solving social issues, creating a positive social impact in an innovative entrepreneurial way, and profit maximization is not the primary target. Corporations focus on creating economic values and profit maximization; and use the CSR concept as a tool to maintain socially responsible business conduct. Both CSR and social entrepreneurship concepts represent the same sustainable values in different ways. Thus, finding effective methods for accelerating social entrepreneurship through CSR activities will be fruitful for the betterment of the corporation's stakeholders, social entrepreneurs, and society at large. This paper aims to explore the current CSR activities of corporations that influence social entrepreneurship development and to identify the most effective methods/practices to accelerate social entrepreneurship.

This study follows the qualitative inductive research methodology; and, the content analysis method has been used to analyze the collected data through the in-depth semi-structured expert interviews. It has been found that the current CSR practices for social entrepreneurship development are comparatively less than other community development and philanthropic considerations. Moreover, the challenges for social entrepreneurs and the expectations of corporations have been thoroughly discussed. The effective methods

and practices have been suggested for both corporations and social entrepreneurs to accelerate social entrepreneurship by CSR activities with mutual benefits and creating social value; as a win-win situation.

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**Keywords:** Corporate culture, effective methods, Social enterprise, Social impact, Social value creation, Sustainability

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## 1. Introduction

Corporations support NGOs, social organizations, and other small medium enterprises as their CSR activities (Fernando & Lawrance, 2015). Corporations expect to enhance the corporate reputation, gain employee loyalty and retention, maintain the trust, support, and legitimacy of the community and government, and business benefits from those CSR activities (Moir, 2001). Accordingly, it can be considered the purpose of a corporation engaging in CSR activities to act socially responsible while achieving its economic goals as profit maximization and maintaining competitiveness. Moreover, there is a need to use more innovative models of using CSR activities to maximize the benefits for both corporations and society (Singh, 2016). Hence, empowering social entrepreneurship through CSR's influence would benefit both corporations to achieve their organizational goals and social entrepreneurs to make a positive social impact. It could be a 'win-win' situation for both while benefiting society at large.

Research has been done for effective CSR by Seelos & Mair (2005), Bonini, Mendonca & Oppenheim (2006), and Galbreath (2009). Moreover, empowering social entrepreneurship through the influence of CSR for addressing social issues has been discussed by Archana Singh (2018), Mahfoozur Rahman (2018), Michelle Bredhammar & Pia Slesinski (2019), theoretically in their researches for the development of the concept. Those findings and theories are essential to analyze the theoretical aspects of both concepts and practices. The companies adequately address social problems through CSR will reap the rewards of competitive positions in the future while benefiting their stakeholders, and also society at large (Galbreath, 2009). Thus, companies should consider those social dimensions as opportunities, not risks (Bonini, Mendonc & Oppenheim, 2006). Simultaneously, support for social entrepreneurship development can be used as a powerful tool for corporations to gain loyalty in the market. Moreover, serial social entrepreneurs

may be the best hope for both society and companies wanting to participate in new market development (Seelos & Mair, 2005).

There is a need for identifying the most effective and practical ways of influencing social entrepreneurship development through CSR activities of corporations because the reality is that social entrepreneurs and corporations still live in different worlds today (Seelos & Mair, 2005). There is a significant knowledge gap in the effective methods and practices of influencing Social Entrepreneurship through CSR activities of corporations. Accordingly, finding practical and effective methods for influencing social entrepreneurship development through CSR activities will be fruitful for the betterment of the corporation's stakeholders and society at large.

This study aims to identify the most effective methods and practices that accelerate the social entrepreneurship development through the influence of CSR activities of corporations. The objective of this research is to analyze the current CSR activities of corporations that influence social entrepreneurship development. Therefore, this research analyses the current practice of CSR activities of corporations and identifies the most effective practices and methods of using CSR activities of corporations to develop social entrepreneurship. Moreover, the challenges for social entrepreneurship development has been thoroughly discussed. The recommendations have been given for the corporations and social entrepreneurs according to the findings of this study.

## **2. Literature Review**

Corporate Social Responsibility is a broad concept that is discussed in different aspects of business literature. It can be considered as one of the first critical concepts that collaborating businesses and social associates for enlightening the society at large and business itself (Jamali, 2007). The concept is famous as a voluntary principle that creates social value and welfare while maximizing profits in corporate governance. The significance of being socially responsible in business has been increased nowadays due to social and environmental issues. Moreover, the external pressure is getting higher for corporations to address societal issues from the stakeholders (Porter & Kramer, 2011). The CSR concept is being widely spoken in the global economy and has attracted worldwide acknowledgment; it has been developed over time through globalization and increase of international trade (Jamali, 2007). The core value and purpose of CSR are to maintain the organization's economic aspects while balancing the environmental and social facts. In other words, act as a socially responsible organization and create a positive impact on social, environmental, and economic factors.

Social Entrepreneurship (hereinafter referred to as 'SE') is an emerging concept to address societal issues innovatively. SE's primary focus is to address social issues and create social value, not like focusing on maximizing profits as a usual business (Dees, 1998). Most importantly, social entrepreneurship is the process of identifying and exploiting opportunities in social problems, mobilizing resources, and acting innovatively for solving those social problems while creating social value and bringing positive social impact (Singh, 2016). Social entrepreneurship is standing beyond traditional entrepreneurship because it creates values for stakeholders and solving social problems. Social entrepreneurs have trained to identify social issues. They use their creativity and entrepreneurial skills to solve those social issues effectively and innovatively (Nicholls, 2006). They try to cure the real causes of social problems rather than dealing with the symptoms. Thus, social entrepreneurs are identified as value creators and change agents (Nicholls, 2006). Social entrepreneurs are being motivated by their personality and the background, which concerns societal issues (Cherrier, Goswami & Ray, 2017).

The relationship between the concept of CSR and SE depends on the focusing objective and the purpose of implementation. CSR is considered as a voluntary principle in corporate governance, which is used to create social value as well as maximize corporation's profits through corporate goodwill, fair competition as well as build loyal customer groups (Gallardo et al, 2019). As stated by the European Commission SWD (2019), it can be identified as responsible business conduct; as "*The responsibility of enterprises for their impact on society.*" CSR is a set of guidelines to mitigate the negative social impact of the business, as well as integrating social, environmental, ethical, human rights, and consumer concerns in the business operation and core strategy.

*"Companies should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of maximizing the creation of shared value for their owners/shareholders and civil society at large and identifying, preventing and mitigating possible adverse impacts."* European Commission SWD (2019).

CSR has been identified as a shared value creation approach of the corporation with the collaboration of stakeholders and detects, prevents, and mitigates negative impacts while running the regular business focuses on commercial value. According to Carroll's (1979) pyramid, CSR activities may be philanthropic or charity; indeed, a discretionary decision of the management. The core of the concept of SE is differentiated with the CSR from its primary objective, which is focused on solving a specific social

problem in an entrepreneurial way. Social entrepreneurs identify a social issue that affects a set of social groups or environment, then try to find an innovative solution for mitigating that problem or creating social value using an entrepreneurial approach, not like charity or philanthropic context. As claimed by the OECD (1999), SE does not focus on profit maximization or taking competitive advantage from its social goals; instead, it attains specific social and economic goals by providing innovative solutions.

*“Any private activity conducted in the public interest, organized with an entrepreneurial strategy, but whose main purpose is not the maximization of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment”* OECD (1999).

The concept of CSR has been widely discussed as a strategic approach in the 2000s by the Smith (2001), Lantos (2001), Marrewijk (2003), Werther & Chandler (2005), Porter & Kramer (2006), Husted & Allen (2007), Heslin & Ochoa (2008) and Gallardo et al. (2019). They have identified it as Strategic Corporate Social Responsibility (SCSR), which is majorly considered as a sustainable competitive advantage. SCSR can generate positive social impact while generating profits by improving customer loyalty and the company’s reputation. SCSR will make the business environment for creating new products as well as new marketing opportunities in the global context. Moreover, it has been identified as a ‘social contract’ between the corporation and society.

SCSR has been further developed as Creation of Shared Value (CSV), and it is being discussed in the academic context and the practice widely after the 2010s by the authors; most importantly, Porter & Kramer (2011), Trapp (2012), and Chandler (2016). These developments of CSR have driven the standard definition towards the socially responsible business movement. The main purpose of using CSR has been considered as a core value and the strategic principle of the corporate firms. Porter and Kramer (2011) have mentioned that corporations should redefine their purpose of profit maximization for the shared value creation. Moreover, companies should focus on creating shared value using their expertise instead of economic benefits; by incorporating the principles of shared value to the corporate framework and culture through the decision-making process as well as using clear guiding principles (Chandler, 2016).

The concepts of SCSR and CSV have shifted CSR's regular usage towards social value creation, which is the main purpose of SE. Accordingly, it can be seen a close relationship between CSR and SE in the main purpose and the objectives. **Table 1** depicts the relationship and the differences between CSR and SE within the scope of purpose, objective, target group, goal, motivation, and the operation.

Table 1 – Relationship between CSR and SE

<b>Variables</b>	<b>Corporate Social Responsibility</b>	<b>Social Entrepreneurship</b>
Purpose	Creation of economic value in an ethical, social and environmental friendly way	Creation of social value
Objective	Profit maximization and stakeholder satisfaction	Solving social and environmental issues
Target group	Pay nothing	Subsidized or Market rate
Goal	Accountability and Goodwill	Social Impact
Motivation	Strategically decided	Emotionally charged
Operation	Charity or philanthropy	Through products and services

Source – developed by the authors

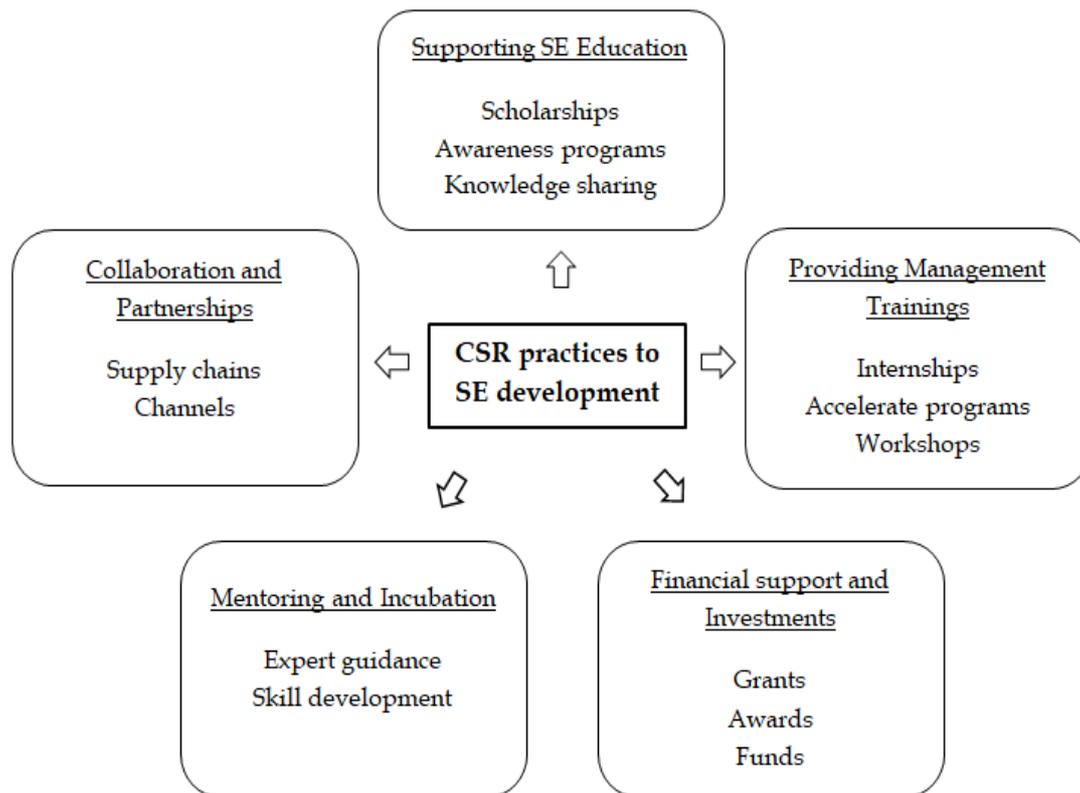
The main purpose of CSR is to create economic value and shared social value for maximizing its profits by taking a competitive advantage. Moreover, the objective of CSR focuses on profit maximization and stakeholder satisfaction. Corporations try to minimize the social and environmental harm within the context of business; thereafter, consider ethical and philanthropic values. As stated by Werther & Chandler (2005), the implementation of CSR policies to the corporation can be considered as a part of brand management to achieve and maintain legitimacy in the global context. SE considers its purpose as the creation of economic and social value at the same time. The objective of SE is to address social and environmental issues innovatively. In the opinion of Tommaso & Antonino (2014), the noble goal of social entrepreneurship is to save the world or at least make it a better place. Hence, the main purpose and objectives of both concepts have some similarities as well as dissimilarities. Within the scope of CSR operation, it may be charity or philanthropy activity towards a specific social or environmental fact. The operation of SE is conducted through its products or services.

Furthermore, the target group of the CSR pays nothing, even though the target group of the SE pays market rate or subsidized rate for the products or services. Most importantly, the motivation for the CSR could be strategically decided by the higher management of the corporation. Social entrepreneurs are emotionally charged and performed by the sensitivity and empathy towards social vulnerabilities. In the

opinion of Thompson et al. (2000), social entrepreneurs are social leaders who realize the opportunity to satisfy the unmet social needs and make a social change. Creating social and environmental value can be considered as a common goal of both CSR and SE. It can be argued that the socially responsible business model and the long-term business sustainability are also similarities of CSR and SE.

There are similarities and common goals between CSR and SE, as discussed in the previous chapter. Both entities are focusing on creating social and environmental value and long-term sustainability. Social entrepreneurs are emotionally motivated by social issues; thus, they tend to find entrepreneurial solutions. In CSR, corporations try to minimize their negative effect and create social or environmental value for their brand management and stakeholder satisfaction. Therefore, making a combination of CSR and SE would be more beneficial for addressing actual social issues and create social value while achieving their own commercial goals. Social entrepreneurs face several critical challenges; social and cultural effects, lack of financial assistance, lack of human resources, and scaling up business with competitive disadvantages. If CSR could support social entrepreneurs to face those challenges and obstacles, it will be a win-win situation for both corporations and social entrepreneurs. The following **Figure 1** shows the CSR practices that can foster SE development.

Figure 1 – CSR practices for SE development



Source – developed by the authors

**Supporting SE education** – Corporations can invest in social venture capital and educational institutions to develop skills of the social change makers would be more beneficial for the social value creation and the corporation itself. As stated by Nicholls (2006), SE is still in a developing mode; even a few business schools conduct SE courses. Indeed, social enterprises are genuinely experimenting, and they could be the first of their kind; thus, the success of their projects will depend on their strategic and systematic approach (Jhonson, 2000). Hence, corporations can cultivate SE education through scholarships, awareness programs, and mentorship programs to encourage social entrepreneurs.

**Providing management training** – Lack of skilled human resources is one of the main obstacles for the SE development. Social entrepreneurs have emotionally charged strong feelings to solve social issues and create a positive social impact, despite the fact that they do not have enough managerial skills to maintain the enterprise for self-sustaining and generating profits. According to the seven universal principles of Heslin & Ochoa (2008), Cultivate the needed talent can be considered as a greater approach

of SCSR. Thus, corporations can provide management training, internship opportunities, and accelerator programs to improve management skills. Moreover, companies can provide management skills and resources for scaling up the SE (Seelos & Mair, 2005).

**Supporting financially and investing** – Social entrepreneurs face a lack of financial support when they initiate social enterprises. As Dees and Anderson (2006) stated, social entrepreneurs, find capital from either below-market and market-rate capital investments or donations; thus, SE may face a financial struggle when starting the social enterprise as well as while running the business. Corporations could financially support or make investments below the market-rate as their CSR practices; it would be beneficial for a broader group of vulnerable people or the environment.

**Mentoring and incubation** – Social entrepreneurs tend to identify the actual social issues and practical solutions for those effectively despite the need for clear guidance and mentorship to implement the strong business that can survive and compete in the existing market and alternative products and services. Hence, incubation and mentoring support are needed for building a strong business model with a value proposition to being in the competitive market. Corporations can share their knowledge and the expertise to mentor and incubate the social entrepreneurs to initiate and scale up their ideas for the long run.

**Collaboration and partnerships** – Companies can support SE through collaborations and partnerships, which can achieve the common goal of social value creation. In Seelos and Mair's (2005b) opinion, social entrepreneurs bring a lot to the table as partners for corporations. Another way is conducting CSR through a third party, such as social enterprise; If companies feel that they have less expertise in the field of competency for developing and CSR practices, they can identify the existing social enterprises doing great work in their interest areas and support them financially or by providing partnerships and collaborations.

*“Serial social entrepreneurs may be the best hope, both for the poor and for companies wanting to participate in new market development models.”* Seelos and Mair (2005b).

It can be seen that CSR and SE have common goals of creating social and environmental value. At the same time, CSR focuses more on economic return, and SE focuses on positive social impact. Social entrepreneurs have expertise in identifying actual social issues, implementing solutions, and creating social benefits rather than purely economic corporations. However, social entrepreneurs face a set of

financial and human resources challenges when they implement their solutions. Simultaneously, corporations spend a considerable amount of money on CSR activities to maintain their strategy, competitive advantage, and corporate goodwill. Therefore, it can be argued that if CSR supports the development of SE, it would be more beneficial for the society at large and the environment; while bringing economic value for the corporations itself. Ultimately it will be a win-win situation for both business corporations as well as the social enterprise.

### 3. Methodology

This study follows a qualitative inductive research methodology; and, the content analysis method has been used to analyze the collected data. In-depth and semi-structured expert interviews have been carried out with experts representing three main categories; social entrepreneurs, scholars, and company representatives. The authors have selected experts according to these criteria: 1) social entrepreneurs, who have been supported by CSR activities of a corporation and/or actively run/consult the social enterprise within the last five years; 2) Scholars, who have actively contributed in teaching CSR and SE and/or have research experience in CSR and SE at least five years. 3) Company representatives, who are managerial level representatives or consultants of the corporations which have done at least one or more CSR activities within the last five years. The three main categories have been more explained in detail in **table 2**.

Table 2 : Code of the Interviewee, Category, Personal profile and Remarks

Code for the Interviewee	Category	Personal profile
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S-1	Scholars	Phd, Associate professor at one of the Estonian University. 18 years teaching experience in the fields of Social policy, Social work, Social Entrepreneurship, Corporate Social Responsibility and Social innovations.
S-2	Scholars	Phd, Associate professor at one of the Estonian University. 12 years teaching experience in the fields of Management, Social Entrepreneurship, Management in public, private and non-profit sectors and Social innovation.
C-1	Company representatives	Communication Manager at a leading bank in Estonia, Board member of CSR forum, 19 years experience in corporate governance, SME and corporate communication.
C-2	Company representatives	Marketing Manager at a leading telecommunication provider in Estonia, 8 years experience in corporate governance and CSR activities.
E-1	Social entrepreneurs	14 years experience in Social Entrepreneurship and impact management.
E-2	Social entrepreneurs	Founder and CEO of social enterprise, which is being supported by CSR activities of several corporations.

Source – developed by authors

These in-depth interviews assisted the researchers in collecting richly descriptive information. Mainly, the researchers developed four interview questions that covered the research question. The questionnaire included the following questions:

1. How do you describe the concept of CSR? How do you explain the socially responsible business conduct?
2. How do you define social entrepreneurship? What are the challenges for social entrepreneurship development?
3. How can CSR support SE to overcome its challenges? What are the ways that corporations use their CSR activities to support SE? Are you satisfied with the current contribution of CSR for SE development?
4. What are the benefits of CSR practices for both corporations and SE? What are the most effective methods of using CSR activities for SE development? How to improve CSR practices in order to foster SE development?

The authors have sent invitations for participants via e-mails in the second week of April 2020. The interviews were conducted online in the period of 20th April to 10th May, using the Zoom platform. Each interview was taken 30 minutes to 90 minutes; all the online calls were recorded with the interviewees' consent. Depending on the experts' request, the names of the experts are not provided, and when quoting the expert's statement, his/her code is indicated. The list of experts and the description of the characteristics supporting their competence are presented in **Table 2**. It should be noted that when describing experts to ensure their anonymity, experts are described using the masculine gender, as accepted by reference to positions, degrees, or other depersonalized data.

The study has some limitations. Firstly, purposive sampling has been used; thus, the study does not represent the unknown proportion of the entire population regarding the subject matter as scholars, social entrepreneurs, and corporate representatives. Moreover, The sample is selected based on the researcher's accessibility and personal judgment; therefore, there could be a reasonable probability of having uncontrolled variability and possible bias in the sample estimating. Hence, the findings could have a lower level of generalization compared to probability sampling. Moreover, the empirical data collection has been conducted in Estonia, though the study is not focused on any specific territory or region; therefore, it may cause a lower level of generalization in conceptual perspectives of the findings.

#### 4. Results and Discussion

The interviewee E1 defines CSR as *"CSR is about three dimensions as workplace, environment and society"* and S2 states as; *"CSR is a free choice; and, can be embedded in corporations mainstream activities by the process they deal with internally and externally in ethically and philanthropic aspects."* In the opinion of Interviewee C1, the concept of CSR is an everyday business strategy. It is more focused on doing charitable and philanthropic activities and expects marketing as the return. Despite that, corporations do some charitable activities without even using the corporation's logo for the satisfaction of the stakeholders (C2). Moreover, their interests and priorities are being changed from time to time. Many corporations are interested in supporting vulnerable groups of the community; even those are not in the scope of a corporation's mainstream, and there should be a proper plan to implement CSR activates (E2). The interviewee E2 further states, *"Most corporations don't have any personal connection with the problem that they wanted to solve."* (E2). It can be seen the interviewees have identified the approaches of CSR from distinctive perspectives.

The interviewee S1 states that several corporations contribute to SE development as part of their CSR activities. Most corporations organize events in their spaces for students, giving awards and grants while doing capacity-building activities related to SE development (S1). Corporations are supporting social initiatives as their CSR activities without expecting anything in return (C1). As stated by the Interviewee S1, large corporations seek social enterprises to invest and make a partnership. Most of the corporations have a massive amount of budgets for their CSR purposes, although they spend mostly on charitable and philanthropic activities; therefore, the current influence for SE development is not at a satisfactory level (C2). In the opinion of interviewee S2, the current influence of CSR for SE development is not enough, and their focus and interest are changing (S2). The current CSR influence for SE development is comparably relatively small due to the lack of enthusiasm for the CSR managers (C1). As believed by the interviewee S1, the current CSR influence level is far from the satisfaction level. S1 further states, *"I think we are at the beginning of a long journey. It's far from the satisfaction level."* (S1). It can be identified the current influence of CSR for SE development from the interviewee's perspectives as above discussed.

Identifying the real-life challenges for social entrepreneurship is essential to find out the most effective methods of using CSR activities for SE development. As believed by the interviewee C1, social entrepreneurs have good intentions to make a positive social impact; but, they have a lack of skills in innovation and finance management. Finding a good team and keeping the energy and the enthusiasm for the long run is one of the main challenges for social enterprises (S2). Good team and human resources are critical for a successful social enterprise; but, it depends on managerial skills (S1). As stated by the interviewee E1, the cost of products and services may be more expensive than the alternatives in the market. *"Mostly the products and services of Social Enterprises are expensive, so it would be hard to sell those"* (C1). The interviewee E2 points out as follows; *"If it's hard to get clients, it will be hard to get sponsors and investors."* (E2). Most social entrepreneurs do not make enough money for the effort they put, and it is even hard to self-sustain within the current competitive market (E2). It can be seen that there are many crucial challenges for SE development in the initiation and the scaling-up process.

The most effective methods of influencing SE through CSR can be categorized into several themes; Partnerships, Education and mentoring, Sharing knowledge, Venture capital fund, and impact investment, and Creating a market for social entrepreneurs.

The interviewees have pointed out several recommendations and suggestions for the effective methods of influencing SE through CSR activities of the corporations. In the opinion of the interviewee E1, integrating social enterprises to the corporation's supply chain would be a sustainable win-win solution.

Interviewees have stated that corporations can make partnerships with social enterprises as a channel for reaching their end-users of the CSR activities. *“Corporations can use social enterprises as their channels to reach more vulnerable groups of people in the society which need help”* (C1). Providing necessary skills and practice by workshops, incubation programs, and mentoring would be a significant influence (C2 & C1). Corporations can take leadership for creating support for social entrepreneurship as they do for startups (S1). In accordance with the interviewee C1; *“CSR companies and SE can work together for better social impact. Sharing ideas and knowledge will have benefits for both.”* (C1).

The interviewees suggest motivating venture capital funds, venture philanthropy funds, and impact investments would be useful to reduce the financial difficulties of social entrepreneurs. In accordance with the interviewee S1, corporations can take the lead of building the supporting ecosystem for SE. As claimed by interviewee E2, public knowledge about SE should be improved; corporations can make awareness about the SE concept and the practice. As believed by the interviewee E2, social entrepreneurs face huge credibility issues in the market. This study aims to identify the current influence of CSR on SE development. In accordance with the findings, most of the corporations actively engage in supporting SE development through organizing events in their spaces, giving awards and grants, doing capacity-building as their CSR activities without expecting anything in return.

Furthermore, large corporations are actively seeking better social enterprises to invest and make partnerships; for the purpose of reaching their social impact indicators and goals. Although the findings show that the current CSR practices are mostly focusing on charitable and philanthropic activities; thus, the influence of SE development is not at a satisfactory level. Even though the corporations are willing to support social enterprises, the focus and the interest of the corporations are changing accordingly. Most corporations are eager to support charity and philanthropic activities because of accessible marketing opportunities to gain public attention, as the ethical and philanthropic responsibilities can maintain if they only achieve the economic responsibilities successfully (Carroll, 1979).

Findings show that most CSR managers of corporations do not see huge benefits as a return from SE due to their lack of enthusiasm and the understanding towards SE. The contribution to SE development is far from a satisfactory level compared with other sponsorship for sports and cultural events. Therefore, much more effort is needed for SE development from the CSR activities to achieve a satisfactory level contribution. Moreover, social enterprises are one subset of organizations focusing on positive social impact as charitable organizations and NGOs; therefore, corporations may not be interested in social enterprises until their uniqueness and the sustainable business model attract the corporations. Moreover,

corporations are willing to support those offering them much promotion, benefits, and feasibility because implementing CSR policies are part of the brand management and maintain the legitimacy (Werther & Chandler, 2005). Altogether, the findings show that even though the CSR activities of corporations supporting social enterprises to a specific limit, the current influence of CSR activities for SE development is not at a satisfactory level.

The study aims to identify the most effective methods of influencing SE development through the CSR activities of the corporations. It is essential to understand the real-life problems of social entrepreneurship to find development solutions. In accordance with the findings, one major challenge for SE development is the intention of social entrepreneurs. Mostly, social entrepreneurs are motivated by social issues; thus, they are focusing on solving those issues and creating social value. Their ultimate goal is to save the world or at least make it a better place (Tommaso & Antonino, 2014). However, the findings show that most social entrepreneurs have a lack of skills in innovation, financial skills, and business knowledge.

Moreover, they have a specific resistance to marketing and business activities; thus, they do not have a controversial relationship with money. There is a shortage of expert human resources because of below-market-rate wages. Mostly, social enterprises use a voluntary labor force; thus, it is hard to get people for voluntary activities. Findings show that the general public mindset towards SE is one of the significant obstacles to SE development. The general mindset has been created to see social enterprises from charitable and philanthropic aspects.

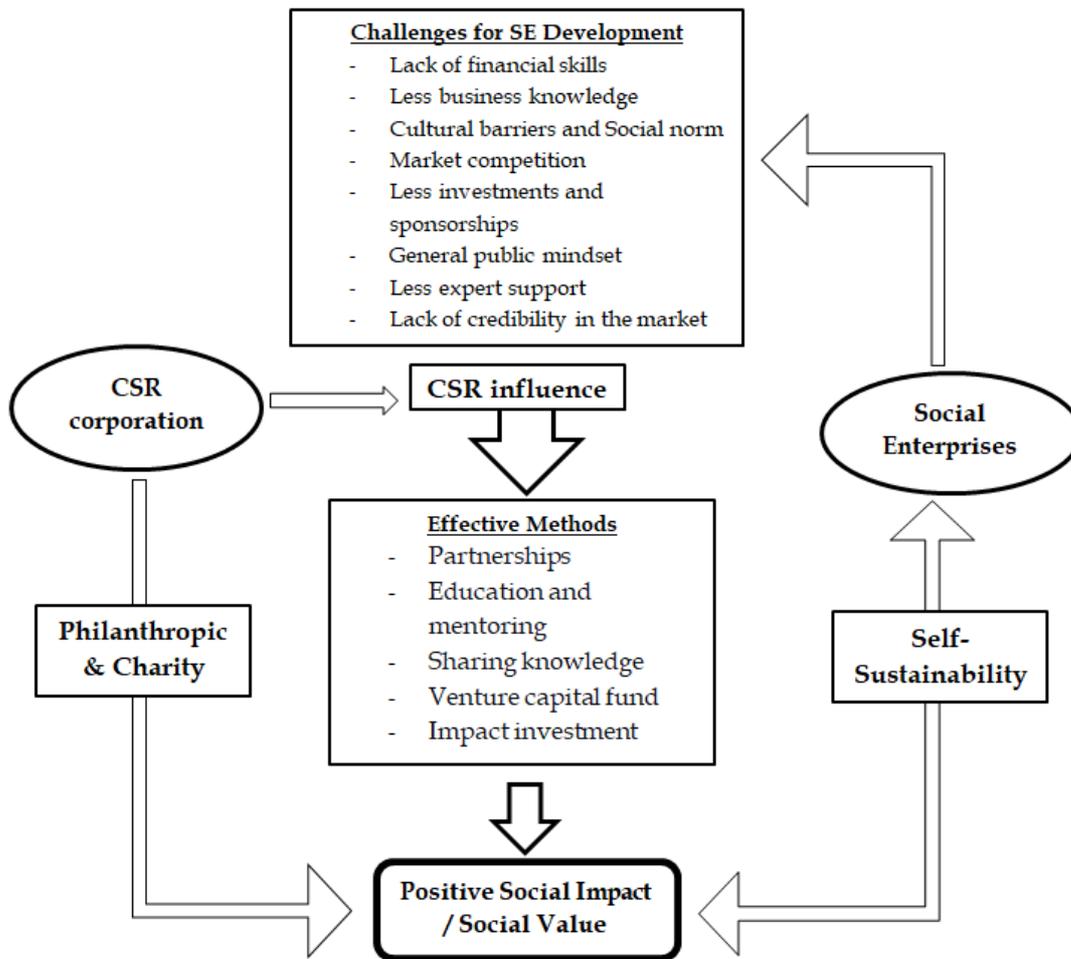
Moreover, some cultural barriers and social norms prevent SE development to the next level. Most of the social enterprises are not interested in scaling up to outside the local territory because the social problem and the culture could be unique to that specific area (Mair & Marti, 2009). Findings show that most of the products and services of social enterprises are more expensive than the alternatives in the market; thus, it is a barrier to attract customers. It is evident that if a business does not have clients, it will not generate income, hard to get sponsors or investors. Moreover, it is hard for social entrepreneurs to be self-sustained within the market competition. Accordingly, most investors and sponsors have less attraction to invest in social enterprises.

Altogether, there are significant challenges for SE development according to the findings as; lack of financial skills and business knowledge of the social entrepreneurs; find human resources and keep the enthusiasm for the long run; lack of managerial skills and marketing skills; cultural barriers, and social norms for scaling up; higher price of products and services than the alternatives in the market; fewer investments and sponsorships; lack of expert support and general public mindset towards SE.

The findings show that, though the CSR companies and social enterprises work separately, their mindsets are quite similar; there would be benefits for both by working together as one team. From the point of creating shared value, the collaboration of CSR and SE will be more effective. Findings show that corporations and social enterprises can share their expertise in unique and unusual situations while contributing to society in a meaningful and sustainable way. Furthermore, it is found that corporations have potential marketing opportunities by supporting SE development to gain customer loyalty, social reputation, as well as employee satisfaction. Altogether, there are unique benefits of influencing SE development through CSR activities, not only for SE and society at large but also for the corporation itself. Therefore, it can be considered a win-win situation for both corporations and society at large.

The research aim of this study is to identify the effective practices and methods of using CSR activities of corporations for the development of social Entrepreneurship. In accordance with the findings, the most effective practices and methods can be categorized under several topics; Partnerships, Education and mentoring, Sharing knowledge, Venture capital fund, and impact investment, and Creating a market for social entrepreneurs. The following **Figure 2** shows the challenges for SE development and the effective methods of influencing CSR to overcome those challenges; the ultimate goal of both social enterprises and CSR corporations to create positive social impact or social value.

**Figure 2** - Challenges for SE development and effective methods for overcome those by influence of CSR



Sources: Compiled by Authors

Findings show that corporations can influence SE development by making partnerships with social enterprises. CSR companies can buy the goods and services they need from social enterprises by integrating them into the corporation's supply chain. Furthermore, corporations can tender their projects or contracts to social enterprises. It will generate a regular revenue stream for the social enterprise; thus, social enterprise can overcome the challenge of self-sustaining in the current market. Furthermore, corporations can enroll their employees for voluntary work at social enterprises up to two or three days per year; corporations can pay for voluntary work as their CSR activity. In accordance with the findings, this option would solve the less voluntary workers and the human resource challenge for social enterprises.

Findings show that social entrepreneurs have the expertise in the field of identifying social issues and finding practical solutions; thus, they can be the actors to reach the end-users of CSR activities of the corporation. Furthermore, corporations can use social entrepreneurs as their channels to reach the most vulnerable groups which are needed help. It is found that the lack of business knowledge, lack of

managerial skills, and lack of financial skills are a significant threat to the SE development. Education and mentoring would be the best solution to fill that knowledge gap within social entrepreneurs. Findings show that corporations can empower education by providing; training, spaces, physical environment, infrastructure, event funding, expert support, and mentorship. Corporations have a wide variety of experts; they have immense experience in their fields; thus, it can be distributed within the social entrepreneurs.

Moreover, findings show that corporations can take the leadership for support SE as it exists for the Startups; by implementing incubation centers, innovation hubs, acceleration programs, hackathons, and internship opportunities. On the report of the seven universal principles of Heslin & Ochoa (2008), Cultivating the needed talent can be considered as a greater approach of SCSR. There is an opportunity for corporations to influence SE development by empowering education and mentorship; it will help social entrepreneurs to overcome their lack of financial and managerial skills. In accordance with the findings, sharing knowledge with corporations and social enterprises will be fruitful for both corporation and SE development as well as society at large.

Social entrepreneurs are considered path-breakers with a powerful new idea that combines visionary and real-world problem-solving creativity (Bomstein, 1998). Corporations and social enterprises can share the expertise and the knowledge for better performance of CSR activities; eventually, it will create an efficient process of creating social value.

It is found that social entrepreneurs face financial difficulties for scaling up and self-sustaining challenges. Findings show that motivating venture capital funds and impact investments would help reduce the financial difficulties of social entrepreneurs. Corporations can be social investors through their CSR activities. Furthermore, venture philanthropy organization is a better option for financial support for social entrepreneurs as investments, market below loans or donations. Dees and Anderson (2006) have mentioned that social entrepreneurs tend to find capital from either below-market and market-rate capital investments or donations. Moreover, it is founded that corporations can take the lead of empowering sustainable investment through their CSR activities. These venture capital funds and impact investment will reduce the financial challenges of social entrepreneurs; thus, it can be considered as an influence of SE development.

It is identified that the general mindset is a considerable obstacle for SE development. Also, social entrepreneurs are facing difficulties in self-sustain and create a market for them. Findings show that corporations can be part of creating the market for social entrepreneurs. Corporations can take the lead to build the ecosystem, which is supporting SE by educating and awareness programs. Marketing is needed to build up as a business nowadays; thus, corporations can market social enterprises by allowing them to

showcase their products and services. Furthermore, corporations can plant the credibility of social enterprises within the general mindset by promoting them and stand behind their names as partners; if a social enterprise gets more partners, it will be trustworthy in the general mind. Corporations can support social enterprises by creating a market for them; it will create a general mindset and opportunities to scale up businesses.

Altogether, there are several most effective ways of influencing SE development through CSR activities of corporations; as Partnerships, Education and mentoring, Sharing knowledge, Venture capital fund, and impact investment and Creating a market for social entrepreneurs.

## 5. Conclusion

The study analyzed the effective approaches and methods of corporate social responsibility activities on social entrepreneurship development. As a result, the goal of this study, which was to identify the most effective methods and practices to influence SE development through CSR activities, has been achieved. The concepts of CSR and SE have similar goals from the perspective of creating a social value; though the different financial targets and the approach. Moreover, social entrepreneurs can identify social and environmental issues and find solutions more innovatively and effectively; due to the expertise, enthusiasm, and the motivation they have. Supporting social entrepreneurs to overcome the challenges they face by CSR activities of corporations has much potential for the more effective and impactful social value creation.

The current influence of CSR to SE development has taken a mixed approach of philanthropic, CSV, TBL, and SCSR aspects. Even though the CSR activities of corporations supporting social enterprises to a specific limit, the current influence of CSR activities for SE development is not at a satisfactory level; thus, much influence is needed to overcome the challenges of SE development.

This study has identified the real-life challenges for SE development as; lack of financial skills and business knowledge; find human resources and keep the enthusiasm for the long run; lack of managerial skills and marketing skills; cultural barriers and social norms for scaling up; higher price of products and services than the alternatives in the market; fewer investments and sponsorships; lack of expert support and general public mindset towards SE. It is found that supporting SE to overcome real-life challenges would be more useful for SE development. It will have unique benefits for both SE and CSR corporation; Thus, it can be considered as a win-win situation.

The most effective methods and practices of influencing SE development through CSR activities have been identified as; Partnerships, Education and mentoring, Sharing knowledge, Venture capital funds, and

impact investment, and Creating a market for social entrepreneurs. These findings will be useful for corporations to implement their CSR activities to create higher social value through influencing social entrepreneurship development. Social entrepreneurs can be used as channels to achieve the socially responsible goals of corporations while benefiting society at large. Moreover, social entrepreneurs can use these findings to improve their positive social impact by the influence of corporations.

The empirical data collection of this study has been conducted only in Estonia, though the theories and concepts are not focused on any specific territory or region. Thus, there is a future research opportunity to scale it up to the global context. Moreover, this study is mainly focused on the influence of CSR on SE development from the perspective of social value creation. There is a future research opportunity to conduct research focusing on monetary value creation or mutual benefit creation.

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