

# **Social Entrepreneurship and Sustainability: How Social Entrepreneurship Can Lead to Sustainable Development**

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*The purpose of this study is to build a theory surrounding the impact of social entrepreneurship upon sustainable development. The propositions of this study show that the various stages of social entrepreneurship do in fact promote sustainable development. These propositions provide implications to researchers and practitioners. For research, the findings provide a basis for future studies to build upon in order to test the proposed relationships. Contributing to both the social entrepreneurship and sustainability research streams. In terms of practitioner implications, it presents a framework for aspiring social entrepreneurs to build an endeavor focusing on sustainable development.*

*Keywords: entrepreneurship, social entrepreneurship, sustainability, sustainable development*

## **INTRODUCTION**

Quite possibly the largest societal problem today is the degradation of the environment from contributors around the world. According to Lawrence and Abrutyn (2015), there is currently a struggle for ecological justice that is revealing inequality in the benefits and costs that are associated with the human-environment relationship. Without correct management of this relationship, the costs will greatly outweigh the benefits that are associated with the actions of humans upon the environment. This can be thought of as a serious social problem that is in dire need of being alleviated. This social problem should become a focus of social entrepreneurs since their entire goal is to find a social problem and to and fix it through some innovative technique, product, or process (Brouard & Larivet, 2010).

Not only are simple every day human actions leading to this social problem, but instead the actions of corporations are also creating problems for the environment. Organizations used to be able to elude the fact that they were the foremost contributors toward not only social movements, but also towards environmental degradations (Nga & Shamuganathan, 2010). Based upon the fact that they are capable of creating social movements, they could potentially create a solution to the environmental degradations that they are causing. Not only could organizations come into play, but so could social entrepreneurs that focus upon creating a social value by solving a societal problem (Dees, 1998). This is where the recent trend of organizations and individuals focusing upon sustainability comes in. Sustainability is frequently triggered by an engaged state of both social and moral consciousness that individuals and businesses exist within an interconnected ecosystem (Seow, Hillary, Cartwright, & Craig, 2006).

This paper seeks to integrate the fields of social entrepreneurship and sustainability through developing a theory. The theory posits that the different steps in the social entrepreneurship process provide benefits that promote and create sustainable development. The process of social entrepreneurship was developed by Guclu, Dees, and Anderson (2002) and shows the different stages of the idea generation and development of promising and innovative ideas for social entrepreneurship which ultimately ends with the desired social impact/change. This process is based partially off of the Social Impact Theory (Latane, 1981) and also off of Resource Dependence Theory (Pfeffer & Salancik, 2003). Conversely, sustainable development was presented by Gladwin, Kennelly, and Krause (1995) and is a process of achieving human development in a connected, equitable, inclusive, prudent, and secure manner. It is simple to see the connections that can be made between social entrepreneurship which focuses on alleviating social problems and sustainable development which focuses upon the future of society and the environment (Gladwin et al., 1995). After all, if the environment continues to be degraded, the problems that it creates will become the most significant problems for society.

Current research into the sustainability aspects of social entrepreneurship does not adequately describe the effects of social entrepreneurship upon the environment. However, the beginning of this merger has been created. It is simply in need of greater amounts of research. Hart (2005) believe that through the embracement of sustainability, social entrepreneurs would be able to meet their goal of enhancing social value in a more long-term way. They would be able to increase the quality of life for future generations and create a more balance ecological world. Therefore, it would be wise to look into how the process of social entrepreneurship can lead to sustainability/sustainable development. This would create benefit for social entrepreneurs and society alike.

In order to achieve the purpose of this study, the remainder of this paper will focus upon presenting the new theory and the associated theoretical propositions. First, an extensive literature review is conducted in which social entrepreneurship and its process are examined and presented. Then the literature review transitions into sustainability and sustainable development. Second, the new theory and subsequent propositions are presented. The research concludes with a discussion section in which the theory is discussed along with potential limitations and implications.

## **SOCIAL ENTREPRENEURSHIP**

Entrepreneurship, in general, is a relatively young research area; however, its beginning can be traced all the way back to the works of Joseph Schumpeter (Hagedoorn, 1996). In recent decades, all different facets of research in entrepreneurship has grown steadily (Busenitz, Plummer, Klotz, Shahzad, & Rhoads, 2014). The academic field of entrepreneurship can be defined as the scholarly investigation of what opportunities to generate innovative future goods/services were created by whom and the subsequent effects as well as the detection, assessment, and utilization of these opportunities (Shane & Venkataraman, 2000). This definition still leaves it somewhat ambiguous as to who entrepreneurs actually are. According to Amit, Glosten, and Muller (1993), entrepreneurs are the individuals that innovate, locate, and create new business ventures. Entrepreneurs also assemble and coordinate new combinations of resources in order to be able to extract the most profits in an environment ridden with uncertainty. Therefore, classic corporate entrepreneurs are interested predominately with the profit aspects of running a business. Social entrepreneurs take this one step further and look into the benefits that they create for society instead of solely the bottom-line of the balance sheet approach of the traditional entrepreneurs.

The idea of social entrepreneurship can be traced back to the seminal works of Dees (1998). Social entrepreneurs are individuals that act solely as change agents and the leaders in tackling important social problems through the recognition of novel opportunities and the explorations of innovative solutions to solve the social problems at hand (Brouard & Larivet, 2010). They act as change agents by adopting an organizational mission to create sustainable social value; recognizing and pursuing new opportunities to serve the aforementioned mission; engaging in a process of continuous adaptation, innovation, and leaning; acting without being limited by resources they have access to; and exhibiting an intensified sense of social accountability towards their customers (Dees, 1998). Social entrepreneurs are focused upon their creation

of a social impact. They seek an enduring social value creation and promotion of the improvement of mankind through their commitment to equity in society and responsible innovations (Machan, 1999). Some social entrepreneurs work from the background of their organization and are rarely seen or heard from, but others, like Blake Mycoskie (2011) with TOMS, are front-line fighters and organizational faces in the fight for social value creation and the alleviation of social problems.

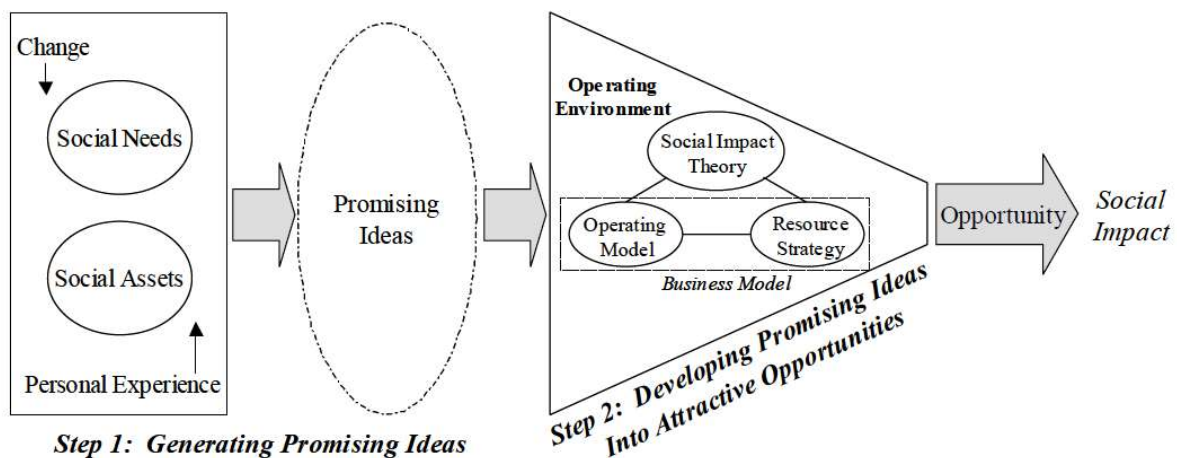
The field of social entrepreneurship is a concept representing the various activities and processes that aim at creating and being able to sustain social value through using more innovative and entrepreneurial approaches (Brouard & Larivet, 2010). Therefore, social entrepreneurship uses many of the same practices and approaches that are employed in traditional corporate entrepreneurship, but they change their end-goal to social value creation instead of profit. In social entrepreneurship, new ventures traditionally provide communities with different previously unavailable products or services for which the community is in dire need (Campbell, 1998). This is done through the generation of profit, but the profit is used to support activities that would not be able to support themselves (i.e. charitable donations, micro-loans for which there is a low pay back rate, etc.). Therefore, the claim that social entrepreneurial endeavors and non-for profit organizations are the same cannot be made, even though some academic studies make this assertion (Cook, Dodds, & Mitchell, 2001).

Through the aforementioned definition, it becomes clear that social entrepreneurs use approaches from traditional entrepreneurship to gain profit, but their impact does not end there. Social entrepreneurs then take their profit and support some activity within their business in order to create social value. It can be said that social impact of social entrepreneurship results from a profit generating competitive advantage (Weerawardena & Sullivan-Mort, 2001).

### The Process of Social Entrepreneurship

All entrepreneurial endeavors begin with a vision or exposure to an attractive opportunity, and this attractive opportunity for social entrepreneurs is generally one that has great potential for a positive social impact (Guclu et al., 2002). This is where the rest of the process comes into play. The steps in the social entrepreneurial process are: generating an idea, developing the idea into an opportunity, and creating social value (Guclu et al., 2002). This may seem quite simple, but the first two steps in the social entrepreneurship process can be broken down into much greater detail. The process, defined by Guclu et al. (2002) can be seen in Figure 1. The subsequent sections will describe this process in detail.

**FIGURE 1  
THE SOCIAL ENTREPRENEURSHIP PROCESS**



### *Step 1: Generating Promising Ideas*

The generation of promising ideas can come to a social entrepreneur through personal experiences, the recognition of social needs and assets, and change (Guclu et al., 2002). Each of these can lead to promising ideas in their own way.

Personal experience can motivate, inspire, or inform social entrepreneurs in the idea generating process (Guclu et al., 2002). Many different successful ideas have arisen from the education, work experience, and/or hobbies of the entrepreneur (Vesper, 1979). The personal experience of the entrepreneur can be either negative or positive. Dissatisfaction can lead to social entrepreneurs looking for new approaches to the problems and frustrations that they have experienced, while positive experience can have more of an inspirational impact (Guclu et al., 2002). Contrary to what many people would think, the personal experiences do not necessarily have to be in the same field in which the new venture will be (Guclu et al., 2002). Some experience and knowledge of different practices can also lend help to social entrepreneurs. One potential drawback of personal experience is that it can potentially lead to biases that will limit the range of opportunities that entrepreneurs will see (Langer, 2014).

Social entrepreneurship generally is in response to some type of social need. Social entrepreneurs should look for promising ideas that are based off of their personal understanding of an existing social need (Guclu et al., 2002). Social needs can be defined as gaps that exist between what the socially desirable conditions are and what the reality truly is. These social needs normally rest upon some vision for a better world (Guclu et al., 2002). A potential drawback of social needs is that they can be based upon personal values, which can lead to disagreement because some values are widely embraced but others can be a basis for dispute among individuals. In order for a social entrepreneurship venture to be successful, they will have to have some level of consensus among the shareholders about which values are important (Guclu et al., 2002)

Some people argue that there can be a danger in simply basing ideas off of social needs because it leads to an overemphasis on the negative (Guclu et al., 2002; McKnight, 1995). McKnight (1995) believes that instead of focusing upon needs, social entrepreneurs should focus upon transitioning and presenting social needs into social assets. This will present communities with new found hope and will potentially inspire creative ideas that would be hidden if social entrepreneurs would solely look at needs instead of the assets that currently exist or could be used. Entrepreneurs should think about their assets as valuable commodities that can be leveraged to create wealth and social value (Guclu et al., 2002).

Entrepreneurs are oftentimes thought of as agents of change even though Schumpeter (1950) described entrepreneurs as the individuals that reform or revolutionize production patterns instead of simply creating change. However, another instrumental entrepreneurship researcher, Drucker and Drucker (2007) believes that entrepreneurs are always searching for change and then respond to it and exploit the opportunity it creates. Social entrepreneurs must keep up with changes that can take the form of recent trends or can appear as disruptions or discontinuities (Guclu et al., 2002). Changes can also be present in the demographics values, cultures, technology, industry, legislation, and knowledge of different locations. Identifying changes can be crucial because they can create new needs, assets or possibilities which open the door for social entrepreneurs to generate some promising ideas (Guclu et al., 2002).

Overall, personal experience, social needs, social assets, and change can each simulate promising ideas that can be capitalized upon if the social entrepreneur actively looks for new possibilities that can create positive social value. Successful social entrepreneurs will ask themselves how they can translate their personal experience, social needs, social assets, and changes into social value (Guclu et al., 2002). Effective social entrepreneurs will take this mindset into the next stage of the process.

### *Step 2: Developing Promising Ideas Into Attractive Opportunities*

In this step of the process, entrepreneurs will have to conduct a rigorous analysis and also test and refine their ideas through different actions and research (Guclu et al., 2002). The social entrepreneur can significantly increase their chances of success by grounding their research in hypotheses based off of social impact theory and a good business model (including an operating model and a resource strategy) (Guclu et

al., 2002). These elements alone will not be sufficient for success but a good combination of them all will be sufficient.

Social impact theory, developed by Latane (1981), is a theory that shows how a new venture will achieve its intended/desired social impact. One can quickly see how this comes into play with social entrepreneurs since their entire goal is creating social value. This theory will provide a precise description of the desired impact through which the organization will be able to hold itself accountable by clearly defining the intended outcomes and predicted means for achieving them (Guclu et al., 2002). Social impact theory will allow entrepreneurs to test core assumptions behind their venture, possibly before the launching ever occurs. However, social impact can be somewhat hard to measure (Latane, 1981). The definition and refinement of a social impact theory for a social entrepreneurship endeavor will blend both creativity and out-of-the-box thinking with strong analysis and assessment.

Not only do worthwhile opportunities need to have a compelling social impact theory, but they also must have a plausible business model that includes both an effective operating model and a viable resource strategy (Guclu et al., 2002). In a multitude of cases, social entrepreneurs can be the most creative and add the greatest social value through their business model. The division between the two major elements in the business model can be somewhat artificial, but is beneficial for the purpose of analysis.

The operating model of an endeavor will describe how the firm's social impact theory will be implemented in reality (Guclu et al., 2002). It combines specific activities, structure, and support system that work together to bring out the desired impact. The first step in developing an operating model is the tracing of a chain of activity from input to output while identifying every step between. When this stage is complete it will look similar to a value chain in a business presented by Porter (2008). Once all of the activities have been located, the next step is to define the division of labor and the coordination of activities (Guclu et al., 2002). As with the venture's social impact theory, the operating model may need verified. A blending of analysis and creativity is also needed in order to design, test, and refine an effective operating model.

A resource strategy is important because an effective operating model cannot truly be effective unless it is supported by a viable resource strategy (Guclu et al., 2002). The most fundamental resources for a social entrepreneur are the people and material needed to go forward. The first stage in the resource strategy development process is the identification of the necessary/required resources, which can be deduced from the previously proposed operating model. When the resources have been identified, the entrepreneur must determine how to mobilize them through one of the following: partnerships or alliances, donations, or buying them (Guclu et al., 2002). Based upon these decisions, social entrepreneurs should then be able to have a pretty good idea as to what their monetary needs will be. They will have to decide how they will get their cash, which can be difficult for social entrepreneurs since in many cases charging customers the price that it will take to be self-sufficient will not allow for the desired social impact to be met. Money can be found through third-party payers, fundraising, and philanthropic funding (i.e. grants) (Grønbjerg, Martell, & Paarlberg, 2000). The resource strategy will ultimately be based upon assumptions for resource requirements and the methods to meet the requirements until the strategy is put into action (Guclu et al., 2002). Social entrepreneurs should alleviate potential problems by locating the assumptions that the resource strategy is most sensitive to and testing them.

Another aspect of this stage is the operating environment in which the venture will operate. Every new venture will have a distinct operating environment that would be favorable in some aspects and present challenges in others (Guclu et al., 2002). The operating environment includes the markets for customers, workers, monetary providers, and anyone included in the process; the industry structure including alternatives/substitutes; the political environment; and the culture. The operating environment for new ventures is dynamic which is why social entrepreneurs need to be aware of the 'window of opportunity.' The window of opportunity refers to the timeframe in which conditions will be favorable for the opportunity at hand (Guclu et al., 2002). The window of opportunity can change drastically and quickly due to changes in condition in the operating environment. Some windows can stay open for a long time (such as a need for safe drinking water) but other can close abruptly.

The final aspect that a social entrepreneur must consider is their personal fit. Just because a social entrepreneur has found a legitimate opportunity, it may not be the best opportunity for them (Guclu et al., 2002). The social entrepreneurs must look at the commitment needed for the opportunity, the qualifications required, and the stage of life that the entrepreneur must be in for the venture to succeed.

### **Social Impact Creation/Outcome**

After the conclusion of the previous two steps, the final step in the process of social entrepreneurship is to create a social value. Social entrepreneurship has been seen identified as one of the major contributors in providing better living-conditions to the poverty stricken and the desolate through the facilitation of community development (Cornwall, 1998; Wallace, 1999). Social entrepreneurs are concerned with the enduring social value creation of their endeavors instead of the financial gain (Brouard & Larivet, 2010; Machan, 1999). Dees (1998) ascertains that social entrepreneurs are similar to their public entrepreneur counterparts in the fact that they are both concerned with the value creation aspect, but social entrepreneurs focus upon superior social value creation. Frequently, these social entrepreneurship endeavors provide communities with different products or services that they previously were in need of (Campbell, 1998).

## **SUSTAINABILITY AND SUSTAINABLE DEVELOPMENT**

Sustainability provides support for the traditional viewpoint that organizations should exhibit the commitment to do the right thing in order to improve the quality of life for human beings through the inclusion both the Earth and society as a whole as legitimate stakeholders in their organization (Shrivastava, 1996). By viewing society and the Earth as stakeholders, an organization is essentially moving towards a broader level of responsibility. These organizations are making a movement that requires them to form a congruency in their strategic management of not only their business, but also the environment, the values of their organization and society, and their resources (Thompson, 1999). The practices of sustainability generally adopt a responsibility in judgements aimed at the promotion of accountability for the stakeholders (Sullivan Mort, Weerawardena, & Carnegie, 2003). Therefore, an organization's efforts in towards sustainability focus upon people, the planet, and profit (Weerawardena, McDonald, & Mort, 2010).

### **Sustainable Development**

Since the inception of the term sustainable development, there has been a multitude of different conceptual definitions, leading to ambiguity and confusion (Gladwin et al., 1995). There have also been many different terms used in order to describe the same concept, such as: sustainable economies and sustainable societies. One definition of sustainable development was proposed by Meadows, Meadows, and Randers (1992). They presented it as the creation of a sustainable society that can persist for generations without undermining the physical or social systems that support it. Viederman (1994) proposed that sustainable development is a process that creates a vision of community in a respectful manner to all of the natural human, social, cultural, and scientific resources available. However, in terms of this study, the definition of sustainable development will come from (Gladwin et al., 1995). They proposed that the term sustainable development refers to achieving human development in a manner that is connected, equitable, inclusive, prudent, and secure.

### *Connectivity*

Connectivity is the embrace of the interdependency of the ecological, economic, and social systems (Gladwin et al., 1995). Sustainability demands that organizations understands this interconnectedness and interdependency. If organizations focus solely upon one of the systems, their gains may be trivial compared to if they were to focus upon all three of the aspects (Dasgupta, 1995). The World Resources Institute went as far as to say that nations as a whole cannot reach their economic goals without achieving the interconnected goals of social and environment (World Resource, 1995). Connectivity and interconnectedness has been frequently researched in sustainability literature (Bogardi et al., 2012; Van Vuuren et al., 2012).

### *Equity*

The idea of equity in sustainable development refers to the equal distribution of resources and rights between generations current and future (Gladwin et al., 1995). Equity is at the center of all different conceptions of sustainable development. Without equity, future generations would more than likely be deprived of valuable resources. Therefore, equity is vastly important in sustainable development. Equity also refers to the equity within generations. This allows for the most poverty stricken and secluded societies to be reached instead of being deprived (Gladwin et al., 1995). It can also be used to represent the equity that should exist between different species. Humans are at the forefront of environmental degradation and equity pushes the idea that humans should be concerned with other species needing resources that are being depleted. In a recent study, Skiera, Bermes, and Horn (2011) looked at the socioeconomic equality aspects of sustainability. Therefore, they were examining the within-generation equity between societies.

### *Inclusiveness*

The idea of inclusiveness refers to human development through time and space. Sustainable development embraces both the environmental and human/social systems around the world in the present and future (Gladwin et al., 1995). Therefore, it is all-inclusive. No person or society in the present or future should be excluded. Inclusiveness has recently been researched in terms of its use sustainability reporting by Etzion and Ferraro (2010). They show that organizations focused upon sustainability need to not only focus upon inclusiveness but are also required to report upon it in their accounting documents.

### *Prudence*

In most cases, sustainable development calls for protecting all life-supporting ecosystems and socioeconomic systems strong (Gladwin et al., 1995). In other words, sustainable development should be prudent in its care for and prevention of systems in terms of technology, science, and politics. Costanza, Wainger, Folke, and Maeler (1993) call for organizations and individuals to be prudent and humble in their pursuit of sustainable development because of the mass uncertainty in both ecological and social systems. The virtue of prudence in sustainable development has recently been looked at by both Chen (2012) and Sovacool and Bulan (2013).

### *Security*

In sustainable development, security calls for the demand of safety from potential threats and protection from potential disruption (Gladwin et al., 1995). Sustainability demands that there should be no net loss in terms of the health of an ecosystem or social system (Costanza, Norton, & Haskell, 1992), critical natural resources/capital (Daly, 1994), self-organization (Norton, 1991), carrying-capacity (Daily & Ehrlich, 1992), and human freedom (Viederman, 1994). Recently, Brauch (2014) examined the security based off of the climate changes that have recently begun and the subsequent moves towards sustainability.

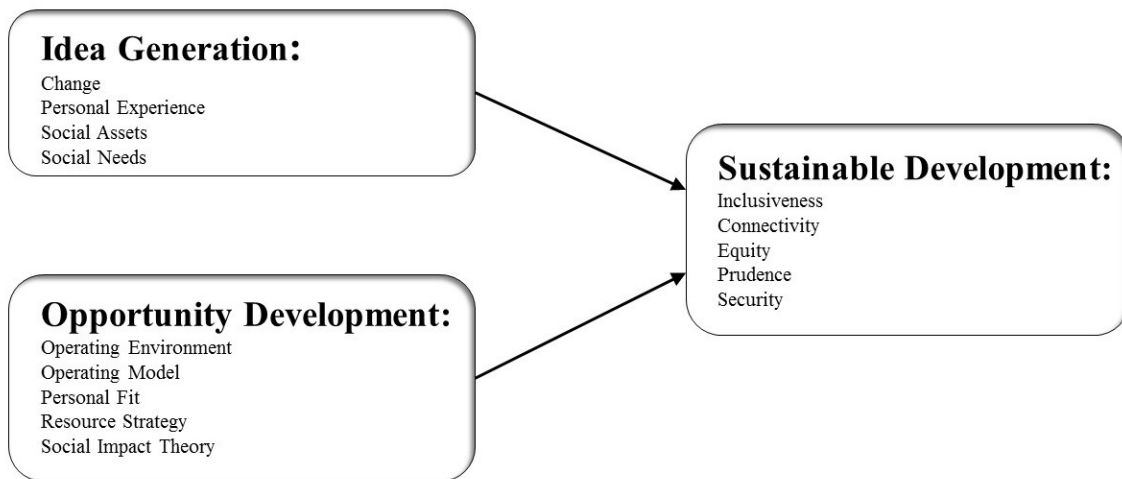
## **SOCIAL ENTREPRENEURSHIP'S IMPACT ON SUSTAINABLE DEVELOPMENT**

It is relatively simple to see the connection between social entrepreneurship and sustainability. Social entrepreneurship, as previously mentioned, aims at solving a societal problem through innovation and traditional entrepreneurial practices. That being said, what bigger problem exists than the degradation of the environment? Also, looking at it from a different angle, sustainability can be thought of as a social issue in need of being fixed because the degradation of the environment will effect society both now and in the future. Therefore, sustainability concerns could be thought of as social problems that are in need of being fixed by social entrepreneurs. If social entrepreneurs were to embrace sustainability, it would lead to them being able to serve the needs of more individuals that traditional entrepreneurs could not reach without the social aspect of entrepreneurship (Hart, 2005). Sustainability would also allow the value created by social entrepreneurs to become longer-lasting and would increase the quality of life and create a better ecological balance (Leisinger, 2007). In all, sustainability would allow for different important societal problems to be met by social entrepreneurial endeavors (Weerawardena et al., 2010).

## The Impact of the Process of Social Entrepreneurship Upon Sustainable Development

With the background information on both social entrepreneurship and sustainable development, it now becomes possible to integrate the two. One way to integrate the two is to show the impact that each stage in the process of social entrepreneurship has upon sustainable development, which is the purpose of this study. This idea is based off of the research model that can be seen in Figure 2 below. The question becomes, which stages will impact which of the five aforementioned aspects of sustainable development? Each of the various components of the stages could also have a different impact upon dimensions of sustainable development.

**FIGURE 2**  
**SOCIAL ENTREPRENEURSHIP'S IMPACT ON SUSTAINABLE DEVELOPMENT**



### Idea Generation Process' Effect Upon Sustainable Development

As previously mentioned, the first step of the social entrepreneurship process is the generation of promising ideas (Guclu et al., 2002). The generation of the ideas can come from four different areas: personal experience, change, social needs, and social assets. Although the idea generation process may not directly impact sustainable development value creation, if the process is not done correctly it will result in the rest of the process being less valuable. Therefore, the idea that the idea generation step does not interact with sustainable development would be false since it has a down the line impact.

Idea generation of all four types should create sustainable development. Social entrepreneurial ideas that arise from change should be focused upon fixing the social problem that was created by that change (Guclu et al., 2002). The endeavor would look for the most socially desirable way to fix the problem and create the most social impact possible. In terms of a social entrepreneurial idea coming from a personal experience, it should also create a more sustainable environment in the location of operation. Blake Mycoskie (2011) created TOMS from a personal experience and his venture has had success and continues to grow steadily. Not only was he able to be inclusive and connected, he did so in a prudent and equal manner. In terms of social assets and needs, these ideas should also create sustainable development. No matter whether the entrepreneur generates the idea with a glass half full approach (social asset) or half empty (social need) it should create social impact in the end. This social impact should lead to human development that is inclusive, connected, equitable, prudent, and secure (Gladwin et al., 1995). Based upon the previous information, the following proposition can be made:

**Proposition #1:** *Social entrepreneurship's idea generation will increase the level of sustainable development.*



## **Developing Attractive Opportunities' Impact Upon Sustainable Development**

The opportunity development aspect of the process of social entrepreneurship is where the most impact upon sustainable development can be created. In this step of the process, entrepreneurs conduct rigorous analyses to test and refine their ideas through different actions and research (Guclu et al., 2002). This can obviously be done in order to generate sustainable development.

One of the first aspects of this part in the process is the social impact theory development. The social entrepreneur will develop a theory about what ending social impact they wish to create. According to Latane (1981), the social entrepreneur will plan out how they will come to meet their desired social impact. Therefore, if social entrepreneurs are working to better the society, their social impact theory should meet the five criteria of sustainable development. The same can be said for the business model, resource strategy and operating model for the entrepreneurial endeavor. A good social entrepreneurial endeavor should have a business model, resource strategy, and operating model that will be inclusive, connected, equitable, prudent, and secure. If these three aspects do not meet the criteria of sustainable development, then the social entrepreneurial endeavor will more than likely not create the social value that they intend. If it does create the value that they intend without integrating the five characteristics of sustainable development into this step, then they more than likely set their intentions too low. Integrating the characteristics would create a much larger impact upon society, both now and in the future.

The final aspects of this step in the process are the personal fit of the entrepreneur in the opportunity and the operating environment. The entrepreneur must evaluate the idea in terms of whether or not they fit in the opportunity well enough to have success (Gladwin et al., 1995). Therefore, if the entrepreneur evaluates the opportunity and finds that they are a good fit in terms of commitment needed for the opportunity, the qualifications required, and the stage of life that the entrepreneur must be in for the venture to succeed; there should be a relationship with sustainable development. The operating environment will also be related to sustainable development because more than likely the operating environment will be a location that is in need of some sort of sustainability practices.

***Proposition #2:*** *Social entrepreneurship's opportunity development will increase the level of sustainable development.*

## **DISCUSSION**

It is easy to see the connection between sustainable development and social entrepreneurship. Social entrepreneurship is predicated upon the assumption that the actors want to make a social impact in the end (Dees, 1998). Sustainable development is based off of the assumption that individuals are concerned with bettering the environment for society both now and in the future (Hopwood, Mellor, & O'Brien, 2005).

In terms of the research model, it could bring some concern that the process of social entrepreneurship is a linear process, but then the first step of the process is directly associated with sustainable development without any sort of mediating relationship with the second step involved. However, this direct relationship can have a significant relationship because of the fact that each stage of the social entrepreneurship process can have its own impact upon creating sustainable development. This idea can be seen in the following scenarios.

In the first stage, entrepreneurs are exposed to their idea in some way and then generate it into a promising idea (Guclu et al., 2002). If the entrepreneur has a tremendous idea in this stage they will then be able to move on to the second stage of the process and have a greater likelihood of success in that stage. However, even though they have a promising idea, the second step could go array and then the social impact in the sustainable development arena would be lessened. Therefore, the first stage of the process set itself up to have great success in the sustainable development arena and the second stage failed in its attempt to create sustainable development. In this scenario, the first step generated the sustainable development since the second step was done improperly.

Also, if the entrepreneur is to have a mediocre idea, they could still move on to the second stage. They could take their mediocre idea and move onto the second stage and with a great development of the

promising idea into an opportunity, the entrepreneur could still be subject to a good deal of success. In this scenario, the first stage was not adequate to create social entrepreneurship that would lead to sustainable development, but the second stage created an opportunity out of mediocrity that lead to a sustainable development. Therefore, in this scenario, the second step created the sustainable development without much aid from the first step in the process.

The two final scenarios would be if both of the stages are either good or bad. If both the first and second step are done properly and completely, then the social endeavor would have the greatest chance at creating sustainable development. However, if both of the steps are done improperly, then the chance of success would be lessened to a great extent. In these scenarios, the steps of the social entrepreneurship process would work together in order to create sustainable development (either in a positive or negative manner).

Based upon this, it can be seen that the first step in the social entrepreneurship process could lead to sustainable development without the second step. If the social entrepreneur has a promising idea, then that in itself will create some level of sustainable development (given the assumption that the process moves forward). Also, if the second stage of the process is done properly, regardless of the success of the first step, it would also create a certain amount of sustainable development.

### **Implications**

This research fills a void in research that was previously left open. Ferguson, Schmidt, and Souza (2010) claimed that there was a need for an integration of innovation and new product development with sustainability. This need can also be transcended into social entrepreneurship because of the fact that social entrepreneurship includes a great deal of innovation and new product development. Social entrepreneurship should also include sustainability because of the fact that the main concern of social entrepreneurship is to better society through solving social problems (Weerawardena et al., 2010).

Another implication for research would be the fact that this paper presents a theory that integrates social entrepreneurship and sustainable development. As with any theory developing work, it should be followed with theory verification and testing (Schmenner, Van Wassenhove, Ketokivi, Heyl, & Lusch, 2009). Theory verification is something that should be done more because if theories are simply presented one after another, then the level of understanding is going to be far-reaching in terms of ideas, but will not be deep into specific ideas. This theory offers a great deal of possibilities for empirical studies to verify the propositions. Research could be conducted in order to test the proposition at a high level, or it could test the relationship that each of the areas within each step of the social entrepreneurship process have with sustainable development.

### **Limitations**

As with any research endeavor, this one does not come without limitations. One obvious limitation is that this paper only deals with one process for social entrepreneurship and others may exist. This limitation offers future avenues for research. Researchers could find different processes and examine the relationship that these processes have with sustainable development. Also, in terms of the process of social entrepreneurship, this research could also be limited by the fact that not every social entrepreneurial venture will follow the correct process.

Another limitation, along the same lines as the previous one, is that different definitions of sustainable development exist. Therefore, the propositions in this paper could potentially not generalize to all of the definitions of sustainable development. Once again, this could also be viewed as an avenue for future research.

A final limitation of this research is its conceptual nature. This research presents proposed relationships, but does not offer any empirical evidence to support the propositions. Therefore, the proposed relationships could potentially be misleading. Future research, as mentioned in the implications sections, should empirically examine these relationships in order to either verify or contradict the propositions.

## CONCLUSION

The social entrepreneurial process, as defined by Guclu et al. (2002), is significantly related to sustainable development. The social entrepreneurial process has two steps that lead into a final social impact/value creation. The two steps are: the generation of promising ideas and the development of the promising ideas into attractive opportunities. It is proposed that this process will lead into sustainable development, human development that is done in a connected, equitable, inclusive, prudent, and secure manner (Gladwin et al., 1995). Each stage in the process has multiple different constructs within it, with each of them also leading to sustainable development. This relationship between the social entrepreneurial process and sustainable development has implications to research, but does not come without potential limitations.

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