

CORPORATIONS' SOCIAL RESPONSIBILITY AND SOCIAL ENTREPRENEURSHIP

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Abstract:

This paper analyzes the corporations' and social enterprises' way of delivering social value. Scholarly research considers these concepts as somewhat related; even there is no clear-cut definition of these concepts and in the corporate and academic world persists uncertainty over how these concepts should be defined. This paper aims to identify similarities and differences that may exist in the meaning of corporations' social responsibility (CSR) and social entrepreneurship (SE), the manner it is operationalised and how social value is delivered, cluttering existing literature on CSR) and SE. The paper demonstrates that both concepts have a positive influence on the business environment and society at large. The present research finds out that the fundamental differences rest on the way the two organisational forms are using their profit. Both deliver "social good" but SE is leading the process of social value creation.

Keywords: *Corporate social responsibility, Social entrepreneurship, Social enterprise, Social value, Sustainability*

JEL Classification: M14, M21, M51, Q21

1. Introduction

Most of the studies in the field of CSR and SE typically analyse how firms deliver social value, focusing separately on two main economic entities: large commercial firm (corporations) for CSR and social enterprises for SE that operates in and amongst society (Austin, et al., 2006; Aguinis. and Glavas, 2012). The literature on the comparative analysis of CSR and SE is scarce (Page and Katz, 2011; Palakshappa and Grant, 2018) and deeper analysis is needed to aid better understanding of these two concepts as both suffer from lack of a generally accepted definition (Page and Katz, 2011). As early as 2003, van Marrewijk states that "there is an abundance of definitions, which are often biased toward specific interests and thus prevent the development and implementation of these concepts" (p.95). This analysis aims to bring to light the existing commonalities and differences between companies practicing CSR and SE in delivering social value that suppose to change the life of individuals and communities.

The world interest in CSR begins in the early 1990s by starting to question the relationship between businesses and society at large as corporations' economic and

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political power grew significantly and was used exclusively for their owners' and shareholders' interest and often in detriment of their employees and communities at large (Sheehy, 2012). The conflicting interest existing at the interface of businesses and communities acerbate to an unprecedented level and world wide governments attempted to curve the corporate power (Berger-Walliser and Scott, 2018) by issuing various legislations. Meanwhile, corporations attempt to keep the status quo by re-instating their legitimacy in the face of public criticism, by "acting as *social responsible economic entities*" (Muchlinski, 2003, p. 124).

Consequently, as early as 1999, the United Nations (UN) at the World Economic Forum urged the global business leaders to adopt a new set of *shared values* based on respecting human rights, labour standards, and environment practices, leading to the creation of more stable, equitable, and inclusive global economy that are the core elements of CSR. Recently, emphasising the important *social* role of companies, International Labour Organisation (2017, p. 2) elaborate the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy defining CSR as "a way in which enterprises give consideration to the impact of their operations on society, articulating their principles and values in their own internal methods and processes and in their interaction with other actors".

The self-regulatory system developed and implemented by corporations over the years failed to produce the expected results and as a consequence, the world was confronted with the devastating bankruptcies of WorldCom, Enron, Parmalat, Lehman Brothers and many more, that determined the US Congress to adopt the Sarbanes-Oxley Act (2002). Many countries followed this example and issued various legislations. Even so, the economic jolts that followed in the 2007-2008 lead to the Global Financial Crises (GFC) generating massive bankruptcies and unemployment, demonstrating that corporations' are unwilling or unable to increase their *social responsibility*. However, increasing public awareness led the public demanding from businesses to adopt a much more ethical business conduct (Berger, Walliser and Scott, 2018).

In these circumstances, Zahra and Wright (2016) consider entrepreneurship to be the engine of technological, economic and social growth. In the realm of entrepreneurship, of particular interest for scholars is SE, which is viewed as a specific innovative subgroup of entrepreneurship that may provide new and sustainable solutions to a range of societal problems (Peredo and Chrisman, 2006; Noya and Clarence, 2007). Subsequently, social entrepreneurs are viewed as "change agents" that are creating social, economic and environmental values (Dees, et al. 2004; 2008).

However, it is natural for society to question commercial and social enterprises *how socially responsible these companies are in performing their activities*, which is our research question. There are conceptual confusions and uncertainties about appropriate and robust means of measurement of a company's social performance in the absence of a CSR and SE definition. There is also a lack of clarity in theoretical frameworks and empirical methods (Mohd and Reast, 2014). Lack of consensus on these concepts dimensions challenged this research in identifying a common approach in demonstrating the existence/inexistence of a linkage between CSR and SE characteristics. Therefore, this analysis adopts a new conceptual and methodological approach using a deconstructive model of CSR and SE "meaning" and their "operationalisation" as some academic discourses consider these concepts as somewhat related (Bacq, et al., 2011).

Consistency of this approach, in the case of CSR and SE meaning and “operationalisation”, is given by analysing the economic and social discourses, using the critical theory and a deconstructing methodology, arguing that *social values creation* is shaped by firms in various ways, using various elements such as business model, profit destination, government regulation, and others within the market systems. In the case of this article, the capability building theory is used as a tool to enhance CSR and SE social value creation as the dominant aspects of both concepts.

We structure the article as follows. The article introduces to the reader the literature on CSR and SE epistemological analysis, emphasising the economic and social perspective of their ‘meaning’ as dominant aspects of both concepts. A separate subsection is dedicated to a detailed comparative and parallel analysis of concepts most relevant discourses. The concluding section will identify the level of influence both concepts have on the business environment and society as the creation of ‘social value’ is the *common ground* for both concepts even though significant differences persist in defining these concepts.

2. A comparative analysis of CSR and SE

The management literature posits CSR and SE at the opposite ends of a scale as their differences and similarities are at best ambiguous. Both concepts are described by a wide range and often disputed definitions, with little consensus among academia (Maignan and Ralston, 2002; Dart, 2004b; Jones and Keogh, 2006; Martin and Osberg, 2007; Matten and Moon, 2008). It seems that the meaning of these concepts is strongly influenced by a variety of exogenous factors (Matten and Moon, 2008; Grant, 2008; Kerlin, 2013) that led some academics to consider them as a distinct field of academic inquiry, even though both CSR and SE concepts are creating, to some extent, “social values” (Dorado, 2006; Frederick, 2007).

Specifically, CSR is driven by an ‘economic aim’ of maximising firms’ profits, while social entrepreneurship is driven by “moral values” (Anderson, 1998) such as fulfilling stringent social issues. In this case, Martin and Osberg (2007) acknowledged that CSR is motivated by extrinsic factors, such as money, and social entrepreneurs are motivated by intrinsic factors, such as community well-being, thereby creating an altruistic aspect to the relationship between the business and society. Therefore, a theoretical approach to clarifying these concepts meaning and operationalisation will aid scholars, practitioners, and policymakers.

2.1. Corporate Social Responsibility Overview

Literature reveals that CSR meanings and practices differ from country to country and therefore it is difficult to reach an agreement over its definition (Takala and Pallab, 2000; Muchlinski, 2003, p. 124). At best, CSR usually “evaluates firms’ social contribution, having relatively open rules of social policies implementation” (Moon, Crane and Matten, 2005: pp. 433-434). Then again, CSR is considered a complex concept (Matten and Crane, 2005) being a dynamic phenomenon (Carroll, 1999) that makes the defining task difficult. Therefore, for the purpose of this study, an investigation of the existing literature is conducted, taking an epistemological approach on the concepts that will emphasise the existence of different CSR discourses designed to create simultaneous “economic and social value”.

CSR economic and social discourses

The prevalence of firms' economic aim is clearly stated by Adam Smith (1776) in his now-famous book *An Inquiry into the Nature and Causes of the Wealth of Nations*. His writings initiated thinking around CSR as business people should be conscious of the need for paying back the public and are "responsible" for creating the 'wealth of nations'. As a remark, in *Wealth of Nations*, Adam Smith shows also frequent cases of the harmful egotism of capitalists working for personal benefit at the cost of the community. Since then little has changed!

The rise of corporations ensured the economic boom of the 1950s and simultaneously the growth of the concept of CSR, or Social Responsibility (SR) as it was named at that time. Howard Bowen has been credited with first using the expression 'corporate social responsibility' in his landmark book, *Toward Social Responsibilities of the Businessman*³ (1953). In his analysis of social responsibility, Bowen sought to answer the question 'what responsibilities to society can business-people be reasonably expected to assume?' He also offered the first definition of the concept of CSR by stating: *it refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.* (Bowen, 1953 p. 48)

In the UK, and especially in the US, the 1960s was strongly marked by anti-consumerism and environmental activism with a major impact on society's expectations of businesses and resulted in the Civil Rights Act of 1960. During this period, society began to be aware of the corporations' power and expressed growing expectations from them, demanding that they must go further than their economic and legal responsibilities and accept more socially related responsibilities.

One of the most prominent CSR scholars of the 1960s was Archie Carroll who stated that this period '*marked a significant growth in attempts to formalise, or more accurately, state what CSR means*' (Carroll 1999, p. 270). For example, he noticed Davis' (1960) statement expressing that: '*some socially responsible business decisions can be justified by ... having a good chance of bringing long-run economic gain to the firm...*' (p. 271) that brings together the economic and social objective if sustainable development is aimed to be achieved. This statement underlines the fact that CSR becomes institutionalised as businesses self-regulate their social responsibility and build these regulations into their business philosophies/model. Carroll also identifies Davis' statement that said: '*The substance of social responsibility arises from a concern for the ethical consequence of one's acts as they might affect the interests of others*' (Davis cited in Carroll 1999, p. 272) which recognised the CSR ethical values of business activities. Indeed, socially responsible organisations positively influence customers' perception of their organisations and therefore they are more likely to acquire customers' loyalty.

The 1970s marks the struggle between classical economic liberalism and the new market based economic liberalism or neo-liberalism. Classical economic liberalism advocates individualism, with a clear separation of the ethical and social responsibilities of companies from their economic affairs. It was profit maximization oriented, promoting

³ Howard Rothmann Bowen (27 October 1908-22 December 1989) was an American economist and college president. Among his writings are: *Toward Social Economy* (1948) and *Social Responsibilities of the Businessman* (1953).

market competition as the only factor to regulate their economic activities and to promote growth. Meanwhile, neo-liberal capitalism embodied in its philosophy the interests of everybody for ethical reasons, and social responsibility was seen as an instrument for sustainability, at least in theory.

The CSR literature of the 1970s included Milton Friedman's⁴ (1970) view of corporate responsibility which was stated in his well-known paper 'The Social Responsibility of Business is to Increase Its Profits'. His paper generated discussions in academic circles and was 'a major contribution to the development of the CSR theory' (Lucas, Wollin and Lafferty 2001, p.150). Friedman's views are mostly based on classical economic concepts of a free market as was written by Adam Smith, that he declares himself.

It seems that this is not the rationale of all stakeholders. For instance, clients, staff, suppliers, and society as a whole will have a different understanding of the business's social responsibility which corresponds with their own requirements and wishes. Each group's views are legitimate and right. However, many of Friedman's contemporary scholars do not agree with his views. McAleer (2003) stated that "Friedman's opinions were wobbly and his views blurred (p. 450). Later, Oketch (2004) says of Friedman's views 'Today, many would not be comfortable with such a profit-oriented statement' (p. 5). Their opinion is based on "given something" in exchange for "something" that implies an ethical and social contract in which the organisation gains operational legitimacy in exchange for fulfilling some community needs.

In the 1980s, the development of CSR was described in specialised literature as having 'a more responsible approach to corporate strategy' (Freeman 1984, pp. 31–60). In his analysis of the CSR literature of the period, Carroll came to the conclusion that: 'the focus on developing new or refined definitions of CSR gave way to research on CSR' (Carroll 1999, p. 284).

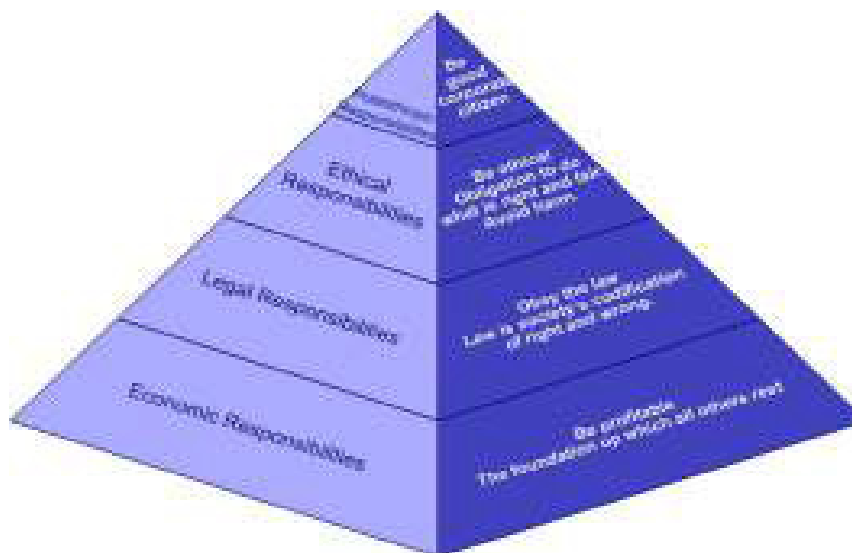
The CSR literature of the 1990s had little impact on the definition of CSR as assessed by Carroll (1999). In this decade one of the well-recognized researchers in the area of CSR was Wood⁵ which looked at CSR from the perspective of Corporate Social Performance (CSP). She defined the CSP concept and repositioned it into the broader body of CSR knowledge. Also, Wood identified the business elements used for implementing CSR principles, such as environmental management, issues management and stakeholder management. It seems that Maignan and Ralston (2002) also agreed with her when she stated that: 'Once implemented throughout the organisation, these processes help the firm to keep abreast of, and to address successfully, stakeholder demands' (Wood cited in Maignan & Ralston 2002, p. 702).

Summarizing all previous CSR discourses Carroll (1991) created the best-known framework known as the Pyramid of Corporate Social Responsibilities (**Error! Reference source not found.**).

⁴ Milton Friedman (1912–2006) was an American economist, statistician, a professor at the University of Chicago and the recipient of the Nobel Prize for Economics. Among scholars, he is best known for his theoretical and empirical research. He was an economic advisor to US President Ronald Regan.

⁵ Donna J Wood, professor at the Graduate School of Business, University of Pittsburg.

Figure no. 1 The pyramid of corporate social responsibility



Carroll's CSR Pyramid

Source: Carroll (1991) – *The pyramid of corporate social responsibility*, p. 42

Carroll's pyramid identifies four "domains" of organizations' responsibility named: economic, legal, ethical and philanthropic. This framework provided theoretical support for many scholarly researchers that imply some hierarchical value on CSR activities that may not be accurate. A recent re-configuration of Carroll's pyramid replace in the upper part of the pyramid the "philanthropic" concept, which anyway occur seldom, with little or no social effect at all, with "social justice" reflecting a broader view of CSR (Bennett, 2011) that bring closer CSR and SE social value creation.

The upper two elements of the CSR pyramid may include the creation of "social values" which is nice to have, with no effect on company return. Ten years later, in 2010, Wayne Visser, in his book *The Evolution and Revolution of Corporate Social Responsibility*, shows some limitations of Carroll's CSR hierarchical pyramid and offers a DNA look alternative with spiraling, interconnected, and non-hierarchical levels of the CSR elements.

Devinney (2009) points out that CSR is '*good*', being an efficient instrument in determining social needs and delivering social solutions and is '*bad*' as corporations use CSR as a means of power or as a marketing activity exercised in their own interests; and is '*ugly*' as CSR is profit-driven. In his view, CSR has no clear separation between organisational CSR activities and CSR performance (Devinney, 2009). He concludes that CSR does not hurt performance, but there is no reason to believe that CSR leads to supra-normal benefits. A synthesis of Devinney's (2009) CSR view is presented in Table no. 1 which emphasises the *economic* and *social* role of CSR:

Table no. 1 CSR social and economic views

CSR as a social policy instrument (good)	CSR as an economic purpose and not as a socially optimal role (bad)
Organisations with adequate practices, which include CSR, will have many happy customers, employees, owners, will record prosperity and will be able to face successfully adverse conditions. Organisations are much more experienced than individuals and governments to tailor products and services to serve particular social needs. Organisations act in a much more rational way than governments do, because they have technologies, know the social trends, and are in a better position to trade off their abilities in fulfilling social needs.	CSR is not, and should not be, the reason for an organisation's activity. Organisations should maximise their business outcomes in the interests of owners and shareholders and later use CSR as they wish. Organisations may shape a society's needs according to their own needs by regulatory capture, direct/indirect political influence and use CSR as a barrier to entry (see the carbon tax debate). Organisations have a conservative approach to social needs. These needs will be fulfilled only if there is a clear benefit for them.
CSR is good as offers opportunities for inventors, firms, managers, and investors to solve social problems.	Organisations are not government agencies designed to fulfill social needs. The government should deliver those services and should be accountable for it as they have been elected on social platforms. Organisations have no expertise in assessing social needs and the allocation of benefits, and therefore they may not adopt the most appropriate approach.

Source: adapted after Devinney (2009)

He concludes that CSR does not hurt performance, but there is no reason to believe that CSR leads to supra-normal benefits.

An important contribution of European researchers to the body of CSR knowledge is that of Garriga and Melle (2004), who actually mapped the CSR territory, clustering, defining and organizing them into four major groups: instrumental, political, integrative and ethical theories mostly based on the view that the social acts are pursued purely for economic ends. Apart from establishing a rigorous taxonomy of CSR theories, they do not have an important contribution to our research question.

At the beginning of the new millennium, it seems that geographic differences of CSR are much bolder and several scholars (McWilliam, et al. 2006; Matten and Moon, 2008) emphase differences in language, interpretation, and application of CSR discourses between Europe and the USA. One may say that national, cultural and legal systems that the companies operate in, cannot be dismissed or considered as irrelevant and they are inside aspects of these phenomena. These changes may imply alternative philosophical underpinnings as noted by Waddock's (2004), emphasising important CSR institutionalisation development such as firms embedding CSR in their codes of conduct, ethics and operations in terms of persuading *social* and *environmental* standards, aligning their operations to internationally recognised certification, such as ISO 9000 for product quality and AA 1000 stakeholder engagement, in order to gain the desired legitimacy to operate.

European Union (EU) statement of understanding assesses that CSR is organisations' responsibilities over their social impact and by promoting this set of values, companies can contribute to a more cohesive society and a sustainable economic system. Equally, CSR Guideline, developed by OECD (2001) act also for consistent implementation and delivery of *social* responsibility for the world. Seem that all the above indicators had little impact on corporations' behavior as the world successfully entered into the Global Financial Crisis (GFC) in 2007- 2008. This event generated a stronger call for businesses to create more social value and SE and social enterprises are called to answer at this demand and to create a social economy.

CSR meaning and operationalisation

We can consider the following perspective on CSR issued by OECD(2001) as a synthesis of the meanings of CSR expressed in the relevant literature: CSR is a useful instrument for business's sustainable development, by adopting an appropriate behavior “that not only ensure returns to shareholders, wages to employees, and products and services to customers, it must also respond to societal and environmental concerns” (p.33). To achieve the expected outcome, these activities must be continuous, targeting important social issues that are meaningful for communities.

Empirical evidence reveals that CSR activities should be operationalized by embedding them into organisation's business model (Blaga, 2018) in order to create internal coherence and focus, otherwise CSR remains only as a “nice to have marketing rhetoric's” with little impact on business reputation and community wellbeing.

2.2. Social entrepreneurship overview

Social entrepreneurial research stems out from a new academic inquiry area within the wider domain of entrepreneurial research, focusing on a particular form of venture that uses a business model for its operations and uses its outcomes to create social values (Dorado, 2006; Frederick, 2006). The General Entrepreneurship Monitor (GEM) 2014 (p. 29) survey indicated significant numerical growth of social enterprises and simultaneously academic research on SE has been accelerating (Sassmannshausen, et al., 2018). Despite this increase, research into the social role and importance of social enterprises remains vague (Short et al. 2009; Carsrude and Brannback, 2011; Bacq et al., 2011).

SE economic and social discourses

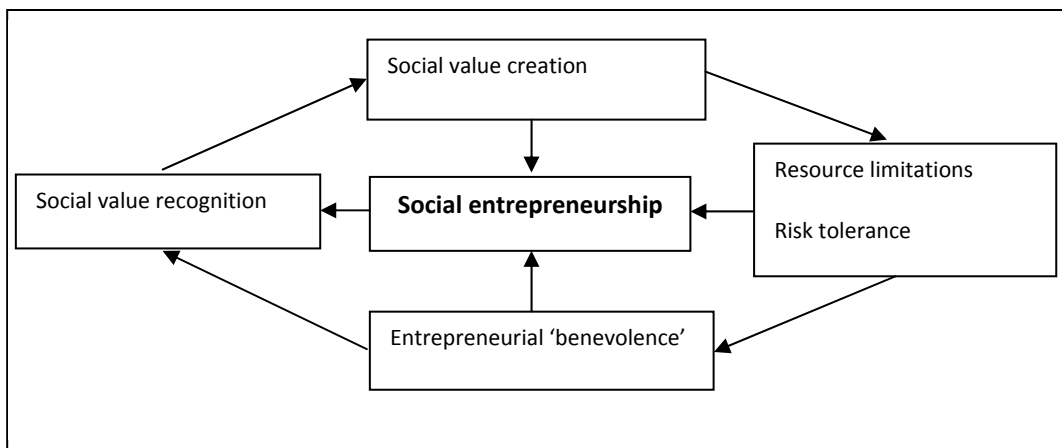
A number of scholars (Dees, 2001; Mort et al., 2002) have argued that the SE concept revolves around two elements, the “social” and “entrepreneurship”. The “social” construct denotes a firm's unique organizational purpose of exclusively creating social equities, which fundamentally differs from the mission of corporations' exclusively focused on profit maximization used for personal consumption (Mair and Martí, 2006).

Literature reveals that SE has a multi-dimensional character (Dees, 2001), aggregating a number of interconnected characteristics or “dimensions” describing the phenomena, such as economic, social and entrepreneurial. Independently, each one of these dimensions is relatively well-defined, but by identifying empirical and logical correlations between its components one may use it as an overall abstraction and thus a new representation (definition) of SE may emerge. The variables that contribute to the concept of SE development are discussed below.

Literature emphasise the multi-dimensional character of SE as a number of researchers have come to the conclusion that, in this case, business idiosyncrasy is characterized by risk-taking, pro-activeness and innovativeness (Mort, 2002; Mair and Martí, 2006). Therefore, these three elements represent the scale of an individual's entrepreneur complex business behavior which confers SE a multi-dimensional character.

In the case of an individual social entrepreneur, *business opportunity recognition* dimension refers to the identification of a social issue as a business opportunity. Also, the *social value* can be defined as the relative importance that one may place on the changes they experience in their personal or community lives. If these values are captured through the market setting then we have a social business opportunity captured by a social enterprise (Mort et al., 2002; Dyer, et al., 2008). The multidimensional constructs of SE as presented in Figure 2 embedding all these elements.

Figure no. 2 Multi-dimensional Construct of Social Entrepreneurship



Source: Adapted from Mort et al., 2002; Peredo and McLean, 2005; Weerawardena and Mort, 2006.

Figure no. 2 identified that social value as a business opportunity that leads to the SE, materialized by the following core elements: resources, innovativeness, proactiveness and risk management. Overall, this model aligns the strategy and operations into the SE business model.

An alternative view of SE emerges from the practitioners' point of view that revolves mainly around two important issues: how to balance the firm's finances (the economic aspect) and how to fulfill the firm's social mission. SE concept is perceived by practitioners through various variables affecting the processes of delivering social values or social justice, such as innovative vision, financial resources that support a firm's long-term commitment, the sustainability of its mission, and efficiently using these resources (Seanor, et al., 2014). Therefore, the social enterprise's business model has to reflect practitioner's views of these complex ideas and interactions in their world and cover the following areas: finance, management, social marketing, etc., which also confers a multi-dimensional character to the meaning of social entrepreneurship (Blaga, 2018).

SE may be understood as an aggregate concept that embeds some of the social entrepreneurs' attributes that are relevant to risk tolerance, proactiveness, innovativeness

and the ability to recognize a social issue as a business opportunity. These views allowed researchers to recognize similarities and differences among the broad range of individuals and organizations engaged in SE. There are also significant dissimilarities between them in the way they discover social needs identified as social business opportunities and assessing their impact on existing social systems. One could say that social entrepreneurs have to be committed to creating social values and, in this regard, they have to exhibit the right judgments in balancing the firm economic with its social mission (Dees, 2001; Mort et al., 2002) through an appropriate business model.

In conclusion, social entrepreneurs may identify a business proposition that may have a positive *social* effect and to create sufficient revenue to support their social cause that creates *social value*. Table no. 2 indicates prior research connecting economic and social factors and the type of enterprises it may create.

Table no. 2 Studies supporting economic or social motivations of firms' activity

Author(s)	Economic and/or social motivation	Type of firm
Schumpeter, 1949; Deci and Ryan, 2000; Cassar, 2007; Parker, 2009; Ruskin and Webster, 2011	Money and other material rewards	Exclusive commercial
Amit and Muller, 2013; Jayawarna et al., 2011; Antonioli et al., 2016	Economic factors (push and pull)	Exclusive commercial
Townsend and Hart, 2008; Corry, 2010; Carsrud and Brannback, 2011	Priority of the social outcome Influence is not unidirectional	Combination of commercial and social
Dees 1998; Austin et al., 2006; Ruskin and Webster, 2011; Page and Katz, 2011; Antonioli et al., 2016	Priority of the social outcome	Combination of commercial and social

Source: Developed for this research.

Table no.2 emphasise researches that link economic and social motivations of social enterprises, establishing their *social* role. The literature emerging from the field of economics has identified profit-making as a justified and sufficient motivation for entrepreneurial activities (Schumpeter, 1949; Cassar, 2007; Parker, 2009), meanwhile more recent researches, emphasise the role of “*social value creation*” in organisations' activities (Austin et al., 2006; Ruskin and Webster, 2011; Antonioli et al., 2016).

SE meaning and operationalisation

As an overview of all SE meanings /definitions put forward by the specialised literature OECD (2018) state that SE is the “entrepreneurship that has as the main goal to address pressing social challenges and meet social needs in an innovative way while serving the general interest and common good for the benefit of the community”. Essentially, SE aims to create a social impact rather than profit maximisation, targeting the wellbeing of most vulnerable groups, contributing to inclusiveness and communities' sustainable growth.

All firms that are falling within the concept of SE create a social economy, guided by the principle of persuading simultaneously an economic goal that supports social value

creation. The variegated landscape of organizations that dedicate themselves to SE principles and that fall within the social economy is diverse as are the social issues that they aim to alleviate.

3. Conclusions

Over the years, the literature recorded attempts to define CSR and SE constructs by differentiating what corporations and social entrepreneurs do, with limited research on how social value is created. This paper develops a better conceptual understanding and deeper awareness of “social value” creation as explores (1) the extent of “social value creation” by organisations that dedicate themselves to CSR principles and (2) the “social value creation” by social enterprises, examining if the concepts are related. This study presents the CSR meanings over decades, questioning organisations’ abilities to perform social responsibility as a building block in developing the capability to address simultaneously their economic aim and meeting communities’ *social concerns* in a sustainable manner. Although much of CSR has been developed in a conventional commercial context, this study emphasise that corporations are unable to self address their ethical and moral obligations due to their exclusive profit-making objective which requires external intervention. Local communities, society at large, national governments and international organisations step in and regulate corporations’ responsibilities, providing methodologies to assess their social performance by providing reporting systems for consistent evaluation. Despite these efforts, corporations’ social performance and social issues addressed are insignificant as CSR does not increase their bottom line as Devinny (2009) claimed.

Literature reveal that corporations use CSR to gain only a “license to operate” (Palakshappa, and Grant, 2018) and therefore CSR is an advertising tool, aiming at improving how the organisation is perceived, social deeds being seldom, depending on company’s economic performance. Corporations may also choose the social issue addressed according to their own agenda which may not meet communities’ social needs. Most of the time, these activities cease to be performed in the case of an organisation’s economic hardship. Therefore this study put forward the idea that social entrepreneurship can fill in this gap, providing a sustainable solution to unmet social needs.

This study recognized that SE is a much more flexible alternative to CSR due to its governance flexibility, as social enterprises do not need to create a profit (Page and Katz, 2011). This epistemological approach, as suggested by Corry (2010) revealed that the two concepts, CSR and SE, have in common a few elements such as creating “social value” which is supported by economic activity. The fundamental differences rest on the way the two organisational forms are using their profit. The commercial organisations use the profit for personal use while the social enterprises use the profit for their social mission. Another important difference is that what drives SE is social value creation as the main purpose while for corporations, applying CSR social value creation is secondary. Last but not list, for-profit organizations engaging in CSR exploit business opportunities, whilst SE pursues social business opportunities.

One may conclude that both are on the same mission but SE is leading the process of social value creation. Social enterprises can only meet their full potential if an enabling environment is in place to allow them to start-up, scale-up and flourish.

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