



# Social Entrepreneurship in Cross-Cultural Context: Multiple Value Creation

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**Abstract.** This paper proposes a new model to conduct case comparative studies with respect to social entrepreneurship and sustainable development goals; examining different organizational processes, stakeholder perspectives and taking multiple value-creation into account (social, human, financial, intellectual, natural, and manufactured). This model was developed based on literature research and several pilot case studies of cases of social entrepreneurship in the region of Arnhem and Nijmegen (the Netherlands) with relevant social entrepreneurship in the region of Bangalore (India). Social entrepreneurs should identify, evaluate and prioritize sustainable development issues which maximize outcomes for the six capitals and hence their contribution to the UN Sustainable Development Goals (SDG) targets. To create social value, the activities of social entrepreneurs represented in their business models require inputs, transformation and output in terms of the six capitals. The authors propose a new Social Entrepreneurship Model that frames social entrepreneurship in a cross-cultural context where co-creation is essential by providing stakeholders with knowledge, insights and skills in how they can overcome social problems and improve communities in their local contexts.

**Keywords:** Social Entrepreneurship · Sustainable Development Goals · Cross-cultural studies · Value co-creation

## 1 Introduction

Growth is essential for development; however, it is better and more sustainable when it reduces poverty by improving human capital employability and inclusiveness [1]. There is a huge need to adapt and to embrace a more sustainable world that creates more inclusiveness of human capital. Social entrepreneurship is the use of start-up companies and other types of entrepreneurs to develop, fund and implement solutions to social, cultural, or environmental issues. This concept may be applied to a variety of organizations with different sizes, aims, and beliefs.

The difference between social and business entrepreneurship has been clarified by different authors. According to Austin et al. [2], the main difference between social and other types of entrepreneurship lies in the purpose the firm is established; they portray

social entrepreneurship as an innovative, social, value-creating activity that can occur within or across the non-profit, business, and public sectors [2]. This was supported by Cukier et al. [3], stating that social entrepreneurship focuses primarily on activities with social purposes whereas business entrepreneurship focuses on activities with business profit making purposes.

Entrepreneurs focused on profit typically measure performance using business metrics such as sales, employment, and stock price changes, but social entrepreneurs are either non-profit or combine for-profit objectives with a positive “return to society” and thus use different metrics. Social entrepreneurship typically attempts to further broad social, cultural, and environmental goals often associated with the voluntary sector in areas such as poverty alleviation, healthcare and community development. Profit-making social enterprises may be established to support the social or cultural goals of the organization.

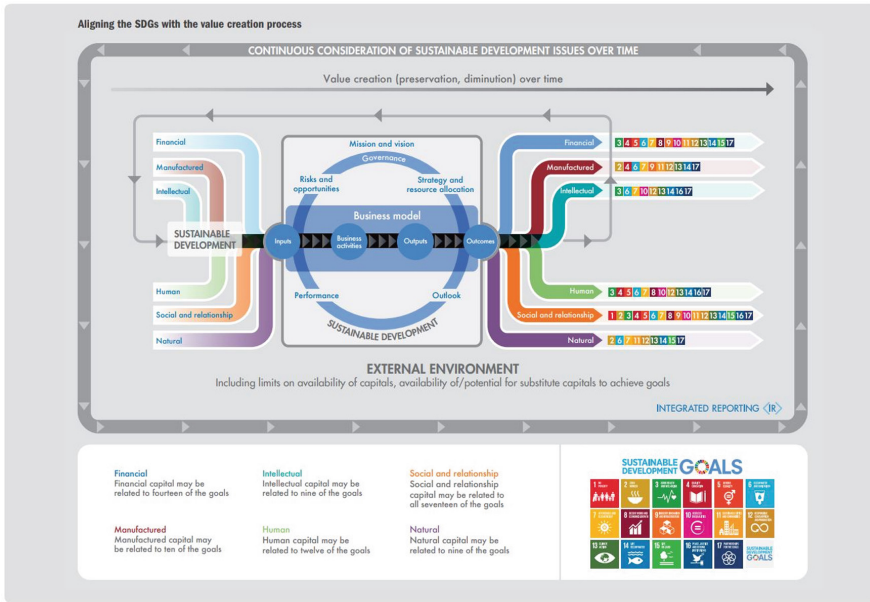
While addressing and facilitating change within the society, social entrepreneurship activities can positively influence the economic growth and social development of the society through reducing poverty and improving large scale economic development [4]. For example, an organization that aims to provide housing and employment to the homeless may operate a restaurant or a paper recycle company, both to raise money and to provide employment for the homeless or human capital not active on the labor market.

Social entrepreneurship has been developed in different cultural contexts and has become an internationally recognized phenomenon. However, we still lack cross-cultural case comparative studies meaning effects of different types of social entrepreneurship (e.g., type of industry or work, type of included human capital) on multiple stakeholders and value creation outcomes with respect to the six capitals (financial, manufactured, intellectual, human, social & relationship and natural) across time (see Fig. 1) [5, 6].

This research has a three folded impact: Academic, Societal and Institutional. The project contributes to knowledge by attempting to quantify how can we create and use social safety nets to enable environmental sustainability and human capital employability through local communities [7, 8] where students’ involvement is essential. Moreover, the idea that society, governments, and new business stakeholders depends on universities to translate their innovative potential into products and services that impact society is relevant and actual to this research as well [9]. Preparing students as professionals for continuous development in their professional practice using different social environments, cultural differences and local social entrepreneurial behavior as frameworks for comparison is paramount for the academic development (use of comparative case studies). Therefore, the impact is obvious.

In a world that is globalizing rapidly, in which the central role of universities in the knowledge economy and in civil society is articulated more strongly and more widely than ever, we do not have a clear sense of what it takes or what it means to understand the relationships between this type of social entrepreneurship and created added values. This project clearly strives to contribute to this discourse.

In a conceptual context, this project is exploring the various tiers of social entrepreneurship and tries to equate them to the overall responses to the talent development of stakeholders from a social and cultural perspective. This project will also



**Fig. 1.** Integrated Reporting: multiple stakeholder perspective and value-creation in relation to sustainable development goals [5, 6]

benefit other research projects and case studies through the co-creation of knowledge, skills, and insights in lessons learned in local and across borders social entrepreneurship. This new knowledge and skills will be translated into different domains when necessary.

## 2 Methodology Proposed

This research is based on comparative multiple-case studies with an equal number of cases for the different countries of cases of social entrepreneurship in the region of Arnhem and Nijmegen (The Netherlands) with relevant social entrepreneurship in the region of Bangalore (India). More specifically, the following cases of social entrepreneurship in The Netherlands included: Enspiratie (<https://www.enspiratie.nl/>), Scalabor (<https://www.scalabor.nl/>), Intratuin (<https://www.intratuin.nl/>) versus the following cases: Parivarthana - Christ University (<http://csa.christuniversity.in/parivarthana>), Beautiful Minds Astitva (<http://www.astitvaforspecialneeds.com>), Aara Foundation, New Delhi (<http://www.aarafoundation.com/>) in India. The choice for multiple-case studies is based on the complexity to understand the relations between type of social entrepreneurship and the created values in different national contexts. According to Yin [10] case studies are “an empirical enquiry to investigate a contemporary phenomenon in real-life context, especially when the boundaries between phenomenon and context are not clearly evident”

[10]. Therefore, multiple-case studies allow the researchers to obtain a better understanding of the selected countries in how socio, economic, political and cultural forces may impact and shape the organization of social entrepreneurship in their environments.

The type of case study defined for this research is descriptive in nature. The selection of this type started with the challenge to understand the linkages between social entrepreneurship in the socio-cultural context. A descriptive case study provides opportunities to the researchers to describe the knowledge of social entrepreneurship processes and their linkages with culture (beliefs, practices, norms and values). The multiple-case studies follow a protocol in which participative observations and a set of semi-structured questions is selected for the fieldwork, with a focus on the context at micro level. It means that the beliefs, the practices, the norms and the values of the respondents engaged in social entrepreneurship are in depth questioned and described.

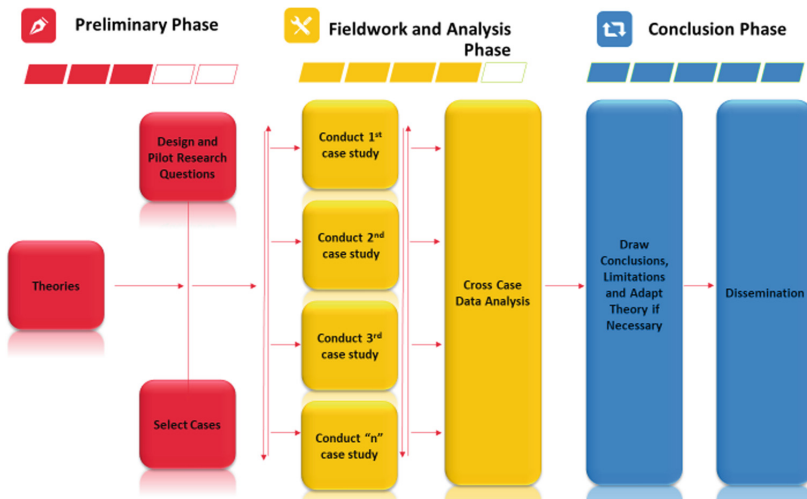


Fig. 2. Social entrepreneurship in cross-cultural context methodology

### 3 Research Model Design Proposed

Drawn upon the multiple stakeholder perspective and value-creation in relation to sustainable development goals model [5, 6] and the Corporate Social Entrepreneurship model [11] the authors created “Social entrepreneurship in cross-cultural context” Model.

This model is the conceptual model underlying the research project and it functions as the basis for case studies. Central to this model is the notion that organizations do not function in a vacuum, but rather, are connected with and dependent on their surroundings. They rely on their environment for financial, human and physical resources. The internal organizational processes then transform these inputs, into outputs such as services, products, knowledge and other gains. In the case that the

context regards the transformation of inputs to contribute to economic growth and/or social development the organization has created added value and it will remain possible to extract resources [4]. In the case that there is no perceived added value, the organization will lose its legitimacy. Organizations, therefore, are organismic entities [12]. This organismic view on organizing is consistent with the idea that social entrepreneurship is closely related to society and its challenges and problems, and cannot be understood without understanding the relations between the organization and its context. Hence the model consists of three major parts: Input, Transformation and Output, where various dynamics are interlinked, studied and analyzed to add value for multiple value-creation (social, human, financial, intellectual, natural, and manufactured) with respect to social entrepreneurship (Fig. 3):

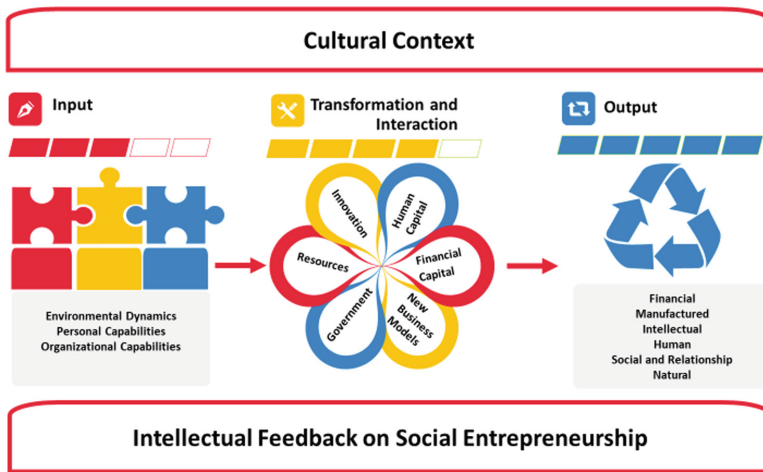


Fig. 3. Social entrepreneurship in cross-cultural context

### 3.1 Input

What does the social entrepreneurial organization need or use in order to function? Three dimensions are distinguished. Environmental dynamics concerns the organization’s external context. Demographical, economic, social, technological, ecological and political (DESTEP) factors may be useful in comprehending environmental dynamics of social entrepreneurship. Agrahawal en Sahasranamam [11] refer to the relevance of socio-economic conditions, problems and relevant regulations. Different aspects such as the prevalence of social problems, government regulation, religion, etc. are also taken into account.

The second dimension in the first part of the model is the personal capabilities of the entrepreneur (entrepreneurial skills, personal growth, moral and religious motivation and personal resources - skills, financial, network etc.). Van den Dool [13] describes how social innovation starts with an entrepreneur that identifies a (social)

problem, then starts to relate to it, and eventually decides to do something about it. In doing this the entrepreneur makes use of his/her talents, skills, and resources.

The third dimension is the organization's internal environment where the organization's history, capabilities, resources, inclusiveness and talent development within the organization are relevant in supporting social entrepreneurship approach in doing business.

### **3.2 Transformation and Interaction**

Just like 'regular' enterprises, social enterprises transform input into output. This part of the model focuses on how these 'normal' and social enterprises are similar or different: how they, in their own way, manage and balance their processes from the perspective of the different goals the organization may have. These transformational processes may include resource commitments, renewal and improvement of products, services and processes within smart industries, social innovation and creation of a new business model, developing collaborations with NGO's, local entrepreneurs and government, balancing between social and organizational goals.

### **3.3 Output**

According to the model of multiple value creation enterprises can create value in multiple ways (new financing and revenue models, new market creation, new customer acquisition, new business models, human capital development while building trust and goodwill within the community, legitimacy and new business collaboration, etc.). The model differentiates between financial, manufactured, intellectual, human, social and relational, and natural value. We have added two more concepts to the model. The model enables us to investigate social entrepreneurship in different cultural contexts throughout case studies. Therefore the cultural context is added. Social enterprises develop knowledge and skills concerning social entrepreneurship, and can be considered as intellectual value. Since the aim of this applied research project is to create knowledge on the concept of social entrepreneurship the organization's feedback loop was added to the model.

## **4 Conclusions and Further Research**

The topic of social entrepreneurship in relation to the sustainable development goals is becoming more and more urgent considering complex societal issues like climate change, growing poverty etc. To date, no conceptual model was available to further examine this topic in an applied research setting. As a result, we have developed a new conceptual model based on earlier research and new case studies highlighting the importance of input, transformation and output processes in relation to the six capital values. This research project is looking for an applied research perspective in implementing results and findings, where conclusions and recommendations are intended to address different as well as interlinked actors: higher education institutions involved, companies and NGO's participating, etc.

The results will form (conform the knowledge transfer triangle: Education, Research, Professional Field) a basis of transferrable international social skills and knowledge for the stakeholders involved; various business models on how to renew and improve products, services and processes within smart industries involved in the project and beyond; motivate and social responsibility awareness to all the stakeholders.

As future research agenda, we would like to call for new research to further test and validate the current conceptual model (see Fig. 2) in different contexts (small, medium sized companies versus multinationals, different sectors etc.) to develop interventions to facilitate and develop social entrepreneurship on a greater global scale. Developing more integrative research studies examining the whole process of input, transformation and output and their contribution to the UN Sustainable Development Goals (SDG) targets is inherent to further proposed research projects.

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