

Enlivening Social unto Entrepreneurship: A Theoretical Philosophy to Strategic View

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Abstract

The present paper tries to deploy social philosophy into entrepreneurship concept in order to define social entrepreneurship. We begin the work with deconstructing process to explore the origin value of organisational context. We found that right from the beginning organisation is a product of social cohesion among initial shareholders aiming for specific goals. Uniquely, organisation theory explicitly stated the role of achieving common good of the society as the ultimate goal. In other words, this signaled that social motivations do engage in early stage of organisational development. The critical factors which further segregate social entrepreneurship into pure capitalists are combined processes between environmental influence and individual cognitive of the entrepreneur. At one side, environment creates ambiance which might prolong the spirit of social entrepreneurship while on the other side, entrepreneur needs to contemplate the doctrine of doubt up to the level of wisdom and end it up with strong impact to potential new entrants. This mechanism will have great impact to generalise company as social enterprise.

Keyword: Social Philosophy, Entrepreneurship, Social Entrepreneurship, Strategic View

Introduction

Having defined social entrepreneurship as a business principal that deals with social problem leads us to the very basic research question: can society be named a business?

If so, then should all business be socially enterprise? A plethora of studies had successfully been developed on the common ground of social entrepreneurship. Most of them begin the work with constructing the definition while others tried to identify the linkage in which social-oriented company can independently prolong their life (Cukier, Trenholm, Carl, & Gekas, 2011; Martin & Osberg, 2007; Nichols, 2007; Austin, Stevenson, & Wei-Skillern, 2006; Light, 2006; Mair & Marti, 2006; Thompson *et al.*, 2002; Dees, 2001; Johnson, 2000).

Due to outstanding outcome, one hollow still remains for deeper contemplation. Relating to classical works done by Parsons (1960), Simon (1962), Meyer and Rowan, (1977), Perrow (1979), Scott (1981), Hannan and Freeman, (1984) organisation is naturally-born to seek for long-term survival. By deploying man-related resource, organisations shared vital responsibility to provide economic welfare to the shareholders and employees which has further been extended to stakeholders (Sundaram & Inkpen, 2004; Wallace, 2003; Turnbull, 1997; Yoshimori, 1995). This might be the rationale why organisations are pursuing abnormal profit. And, as economic forces arose, one acceptable abnormal profit at a time will be the basis for further performance. Unconsciously, the paradigm leads the company to become profit-seeker. For some reasons, profit maximisation is the first target while sidelining other important aspects such as human dimensional of employee or even awareness for environmental preservation policy.

As the principle had been accepted by more and more scholars, all types of entities starting from suppliers,

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production, distribution, marketing and financing agencies tend to be directed towards so called capitalism (Muller, 2013). Over the past few years, the spirit of capitalism has generated huge discrepancies between wealth-class and poor-class of society, even among nations (Dabla-Norris, Kochlar, Suphaphiphat, Ricka, & Tsounta, 2015; Fosu, 2010; Kalwij & Werschoor, 2007; Dollar & Kraay, 2002; Staruss, 1998; Heyneman, 1980). Therefore some macro economy literature defined clearly the differences between developed and developing nations.

Though the paradigm is still debatable, but in reality, market forces had already been dominated by the spirits. Capitalism has acknowledged as a vital element of current industrialisation (Doepke & Zilibotti, 2005; Reisman, 1990). The phenomenon had prepossessed scholars who proposed social business as counterweight model to capitalism (Leadbeater, 2001).

On other field of works, some scholars tried to countervail capitalism with social programme. Corporate social responsibility and corporate environmentalism has been named as new catalyzer for pure-profit seeking organisation (Walton, 2010; D'Amato, Henderson, & Florence, 2009). Both movements succeeded in igniting social spirit unto capitalism. But effectiveness among the two concepts is still blurred, since former researches signaled the use of social programme to enhance better corporate image (Igwe & Nwadiolor, 2015; Aguilera, Rupp, Williams, & Ganapathi, 2007; Eisingerich, Rubera, Seifert, & Bhardwaji, 2001). The very basic cause would be misrepresentation of the term "social" especially among social entrepreneurs (Peredo & McLean, 2005; Mort, Weerawerdena, & Carneigie, 2003). This paper tried to underpinning firmly definition for social terminology, while identifying possible pathways to generalised the sprit among profit-oriented organisation.

The rest of the paper is organised as follows. Second section will describe literature review in constructing the term social unto entrepreneurship. Third section will provide theoretical philosophy in enlivening social entrepreneurship while fourth section concludes the study.

Literature Review

Our literature review begins with deconstructing of business organisation to find appropriate pathways to address social issues. After firmly considering the path,

we then tried to synthetize how social concept can better define entrepreneurship.

Social Philosophy in True Business Concept: A Deconstruction

Organisation – in all kind of types – are formed on the basis of common vision, mission, values and goals, firstly among initial investors or founders, further to all members employed. Strong social cohesion between members create ties, commitment, loyalty which direct all working activities towards particular goal, covered with firmly values and filled with clear vision and mission. All this mechanism leads to the creation of unique competitive advantage which highlighted the distinction from others.

One important theoretical insight is the spotlight of eagerness to achieve better equality in forms of fairly access to limited resources which will result in more justifiable profits (Hanan & Freeman, 1984; DiMaggio & Powell, 1983; Weber, 1968; Simon, 1962). Thus establishing a company was more to be seen as a way to achieve common virtues among stakeholders.

Further development had accommodated the importance of ethics in managing organisation towards the goals. Miesing and Preble (1985) explained that fulfilling destiny with strong-ethical behaviour and mind would act as a good catalyzer in preserving some noble goals which mostly tried to pursue common virtues of the society. Up to this point, business entity may be best reflecting moral responsibility (Fletcher, 1967), personal bearing to organisational culture (Hollon & Ulrich, 1979), and common good of the society – further to be named as stakeholder.

At the next stage, awareness of communistically of the society had successfully addressed deeper understanding about liberty in economy (Bird, 2006; Burton, 1979). Drawing back from the era of slavery, scholars started to pre suppose the term ethnicity in liberty of economy, since free-trade movement signaled the new form of slavery among unskilled-abundant resource nations. Nonetheless, liberty economy has formed a world federation in which resourcefulness must be distributed equally among nations. For any reason, this is the final intersection between capitalism and social economy.

For pure capitalists, exploitation and evaporation were seen as a just economy mechanism since unskilled but

resourcefulness nations must be assisted by skilled nations for some agreed point of trade (Knudsen & Swedberg, 2009; Murmann, 2006; Gross, 2005; Baumol, 2002). Meanwhile, social economists defined a just economy as the extent to which all nations have the equal rights for better economical welfare by propounding a unique noble approach. To them, the so called new form of slavery nation or developed nation has the obligation

to share its capability in order to elevating the quality of life. Reciprocity of today’s goodness would result on tomorrow’s cordialities.

Up to this point, social philosophy succeeds in embracing economy with noble-common virtues as the ‘*telos*’ of social entrepreneurship. A full-logical thinking for this subsection can be seen in Fig. 1.

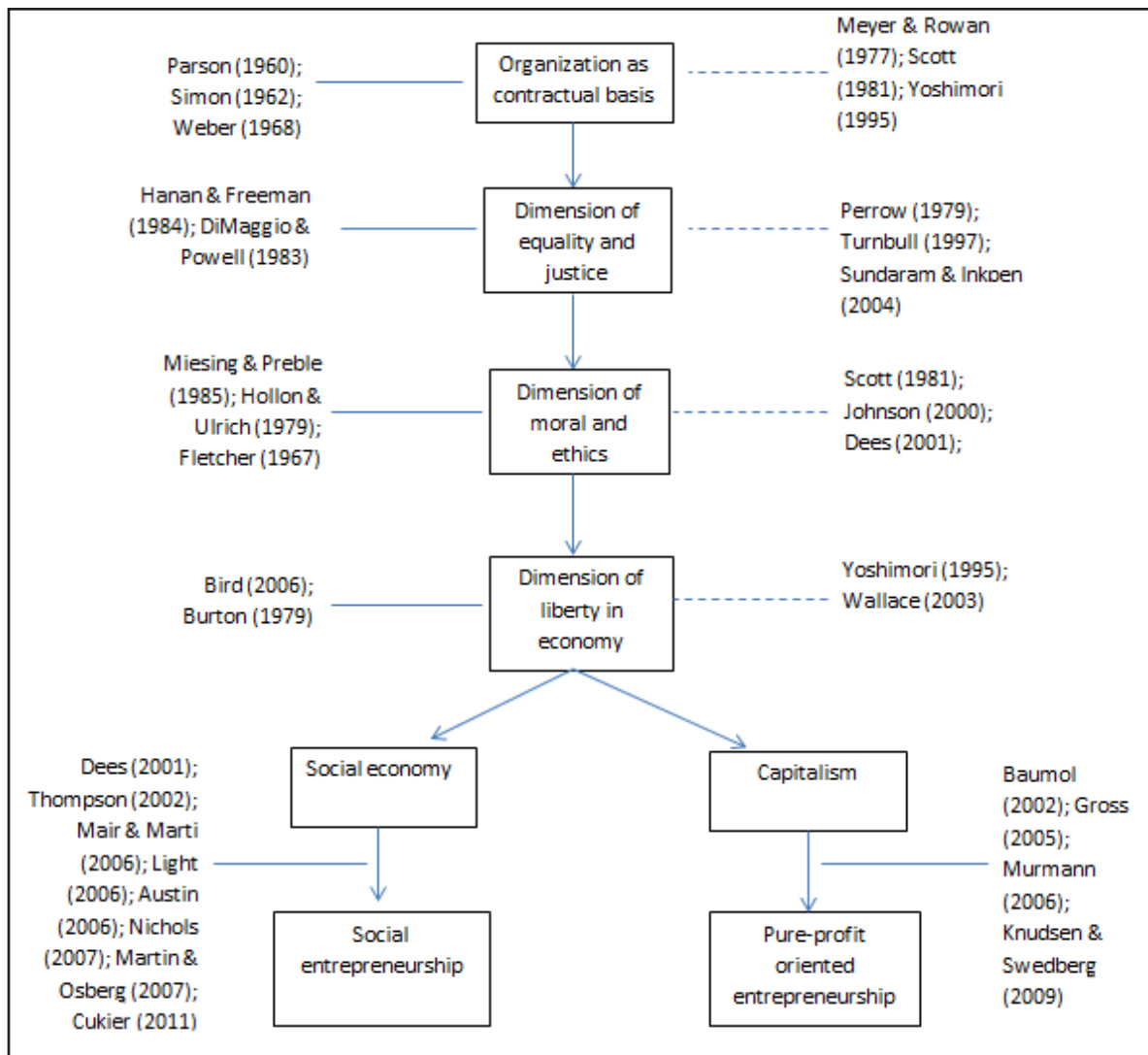


Fig. 1: Deconstruction of Social Philosophy in True Business Organisation

Notes: Straight line means explicitly stated while dashes line represent implicitly stated

Source: Develop for The study

Socialising the Un-social Entity

Referring to Fig. 1 in the previous section, in this part we will focus on the four bottom-boxes sides, which

consist of social economy and social entrepreneurship on the left side and capitalism plus pure-profit oriented entrepreneurship on the right side. Before proceeding to discussion part, the need for fully considers both terms –

social economy and capitalism – as better explanatory for current and future economy must be hold firmly. There is no improper paradigm, since each of these shows their great potency for our economy in terms of the wealth of nation.

This sub-section addresses one particular question: is it possible that each paradigm will shift one another?

The shortest answer would be yes, considering that both of them are derived from the same school of thought. The theoretical explanation will present comprehensive arguments for the answer.

Deploying corporate social responsibility concept and environmentalism paradigm as catalyzer between capitalism and social economy is plausible, since for some reasons both concepts served as win-win solution (Carol & Shabana, 2010; Valor, 2008; Williamson, Lynch-Wood, & Ramsay, 2006; Wheeler, Colbert, & Freeman, 2003). This is what brings equality between the two.

Thinking about profit is not illegitimate for both social economy and social entrepreneurship, because up to one point - due to structural inertia – organisation needs to grow from one stage into another stage in the life cycle. Nonetheless, stakeholder requires clear evidence before deciding to have further contribution to social idea. This is logically accepted since employee – as a part of the stakeholder – needs to be assured that their future financial stability will be fully guarantees by social enterprise.

The previous argument stands for two edge sword, one is heading for naturally-born surviving concept, and the other aiming for social mission. For the last term, we may see the reason to have social entrepreneurship which is dealing with social problems (Cukier *et al.*, 2011; Nichols, 2007; Mair & Marti, 2006). Furthermore, the ability of social entrepreneurship in solving social problem would be the appropriate performance measurement model (Prasetyo, 2016).

On the other side, social orientation is also good for the capitalism (Shah, 2007, Sternberg, 1994). In order to have long-term benefited mutual relations with stakeholder, pure capitalists need to allocate some budget to be given back to the community. One logic explanation would be based from justice dimension from social philosophy. Consciously, pure capitalist had taken the right of the stakeholder in the operation systems therefore it is just to repatriate some of their taken advantage back to the society.

Current rapid development of knowledge has made consumer aware of the exploration and exploitation done by pure capitalists. They knew how to measure equitable between their economy scarification and benefits they got from the firm. Injustice transaction would lead to future destruction for the company.

One important key point is how each concept – social economy and capitalism – enticing the catalyzer to get closer with. More attractiveness would cause the term to shift at one particular point. To this point, another important question will be who is going to take the role as catalyzer? Is it truly the responsibility of social entrepreneurship?

Most probably, the answer lies within the very basic reason in establishing a company. Referring to Fig.1, having defined organisation as contractual-basis of relationship which aiming for certain objective, then it is good to have stakeholder to play the role of catalyzer. Thus, awareness and knowledge of the stakeholder will determine whether capitalism will shift to more social-economy look alike or stay still in its comfort zone (see Fig. 2 for illustration).

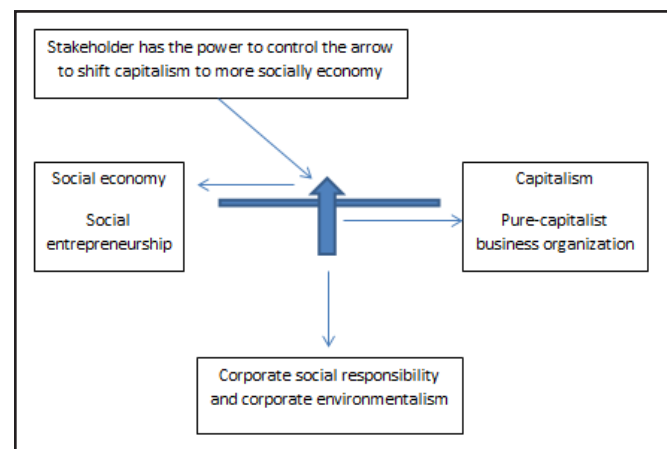


Fig. 2: Stakeholder as Catalyzer to Social Entrepreneurship

Source: Develop for the Research

Relating to Fig. 2, for high-level awareness stakeholder, it is easy to withdraw capitalism to more socially side. But for the low-level awareness community, though it's yet unproven, there is possibility that even social entrepreneurship will shift to capitalism. Therefore our proposed theoretical philosophy tends to deal with the role of stakeholder in enlivening social unto entrepreneurship.

Analysis and Discussion

Proposed Theoretical Philosophy

Our construct started with deploying principal of “Canon of pure reason” by Immanuel Kant. At its basic concept, every human has intuitive concept of highest good which is the ultimate outcome from unionisation of virtues and happiness. This condition also applied to the initial investor who established a company. Existence of the company means so much to the owner since it is by what virtues and happiness can be achieved. Therefore basic question such as ‘what may I hope’ was initially addressed before ‘what should I do’. Business owner must clearly identify what is going to be their dreams in order to have other contributions to fulfill the process, since attractiveness begins with presentation of clear vision regarding to what to be achieved. In this case, liberty of man plays pivotal role. One might presuppose to gain highest profit by scarifying those who shares no power unto economic structure, or pursuing the noble state of mind by addressing the importance of the common virtues and happiness among all related stakeholders.

Over that term, the use of the word ‘common’ to virtues and happiness is very important since it is representing greater number of party seen to be involved and influenced by the

establishment of a company. Further contemplation would be that the word ‘common’ showed the highest state of mind where liberty of man constrained by the postulation of God, immortality and deeper moral justification.

Speculative analysis might appoint the word ‘common’ as critical will of man. At this point, one can lay in their ‘nature to freedom motives’ by propounding a priori which is the purposiveness of the nature. But as they justify the reflective capacity, common good will be accepted as ‘the law I give myself in’. This is the spirit to what social entrepreneurs give their commitment in dealing with social problems and lie its overall performance in how effective is the strategy to solve those issues.

Justifying the reflective internal capacity require conducive ambiance from environment. Recalling the philosophy of mind, it is postulated that routine and consistency in dealing with one particular value might ‘zoning-in’ one’s way of thinking (Schooler, Reichle, & Halpern, 2004; Schultz & Gopnik, 2004; Shoemaker, 1996). Intimacy between entrepreneurs and more social entrepreneurs might define its perspective towards receiving the common good as vital part of their business. At this point we can see the important role of stakeholder-including society, government, social interest groups and other related player – to develop strong vision for social entrepreneurship.

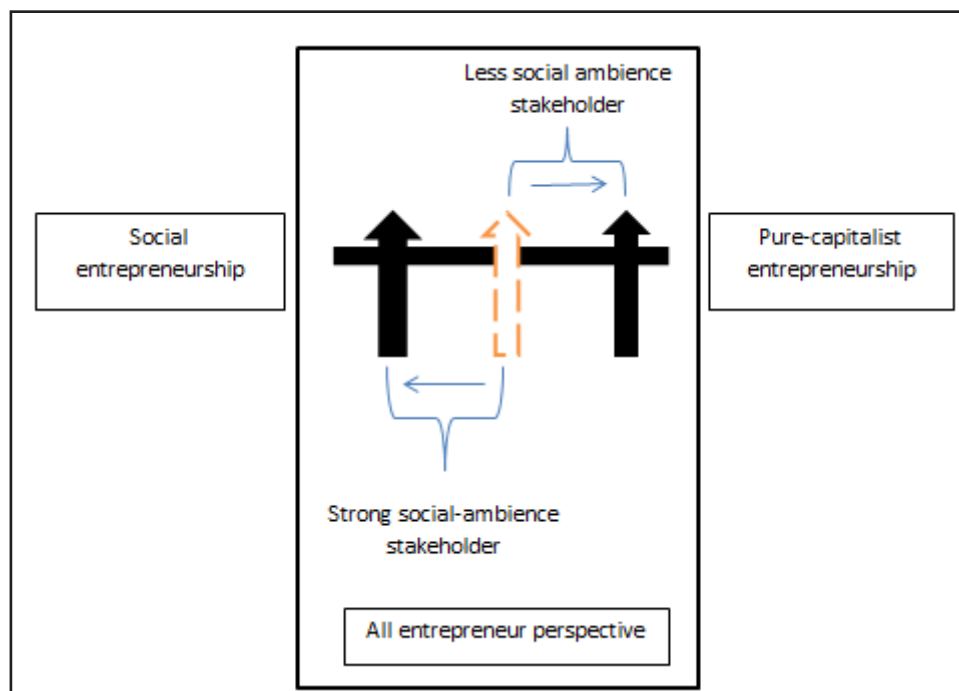


Fig. 3: Externalities-Paradigm Influenced Process

Having considered the point that all human are explicable from the view of limited knowledge, then the second power which retains the social paradigm is consciousness for both 'doctrine of doubt' and 'doctrine of wisdom'. Once it has been decided, a social entrepreneur must be fully aware that there is possibility to experience skepticism and criticism. To deal with this condition, entrepreneur should remember that there is 'doctrine of wisdom' in which experience will be contemplated as means to tackle the doubt while proposing wisdom for future benchmark. Furthermore, this contingency will later form a firm thought for entrepreneurs as well as for future legacy, thus providing opportunity to be developed as theoretical science.

After carefully identifying the theoretical direction, we cordially affirm that all types of business organisations are naturally-born as social-motive units. It is the environmental factor that provides power to change the direction. Strong social ambiance will shift the direction towards social entrepreneurship while less tends to juxtapose the entrepreneurship to pure capitalist, both with their consequences (Fig. 3).

Future Direction

Our study highlighted the urgency for theoretical philosophy to distinctively define social entrepreneurship from pure capitalist paradigm. This is true since firm paradigm will be used as basis in constructing society's opinion which later will form power of social ambiance. Strong power might influence entrepreneurship to move towards social-business units by enlightened entrepreneurs with moral dimension of the liberty of man.

Further research needs to analyse the proposed theoretical framework with the use of case study method. The purpose is to have clear insight of how our model works on real basis, while considering the possibility of other potential elements to complement the existing model. After all intended variables had been identified, the empirical test needs to be taken to generalise the model and contribute to related field of knowledge.

Several plausible theories that further must be tested to social entrepreneurship are ethical relativism and Darwin social theory. Though our study had begun with structural inertia theory – which is similar to Darwin – but they actually shared different angel. Darwin stressed the importance of survival of the fittest, which signaled

that in order to survive, business organisations need to follow the common idea and movement. Being different can somewhat become inherent risk since they will not be recognised by the society.

Using this analogy, most probably, introducing social entrepreneurship paradigm is almost impossible to those societies with less social attentions. Therefore, using this theory in explaining social enterprise can result in different direction.

Relating to ethical relativism, our finding highlighted moral and ethics as part of basic element for social paradigm, but we ignored the importance of time and situation as determinant for ethics. Therefore, further research must deal with this issue in order to have better explanation regarding the phenomenon.

Conclusion

This study succeeded in providing three important contributions. First, we found that social entrepreneurship started with how entrepreneur defined the term social. Our deconstruction process signaled that at the beginning, every business organisation is social unit. They established based on contractual basis to achieve the common good of the society. Second, along the development process, an entrepreneur will face a lot of doubt, criticism and failure which sometimes act as a destructor to the existing paradigm. In that case, entrepreneur needs to give more attention to the doctrine of wisdom which might guide them to more meaningful contemplation.

The third vital finding is regarding the role of stakeholders which creates environmental ambiance. Our study highlighted strong influence from environment to entrepreneurial paradigm. More social-awareness society tends to direct the entrepreneur to social enterprise, less will direct the company towards pure capitalist.

Pertaining social spirit unto entrepreneurship also depends on the commitment of entrepreneur. They need to be fully aware to deal with 'doctrine of doubt' to get into a wisdom level while contemplating every experience as future benchmark.

At the practical terms, the study showed the evidence that the role of government and society in preserving social entrepreneurship is very important. Therefore, elevating people awareness towards social spirit will be the basis for future development of social entrepreneurship. Our

society needs to be convinced that enlivening social unto entrepreneurship will give positive contribution to just an economic welfare.

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