

BUSINESS EDUCATION FOR THE GROWTH OF UNDERSTANDING AND ADVANCEMENT OF SOCIAL ENTERPRISE

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Abstract

Purpose of this article is to explore the understanding of social entrepreneurship among business administration students in Latvia. As each case of social enterprise is based on a specific social need and it encompasses a diversity of approaches and resources for its resolution. In this respect it is important to consider the so-called human or social entrepreneurial leader.

Design/methodology/approaches of the article includes a survey of business administration students in Latvia on their perception and attitudes to social entrepreneurship. The theoretical aspect of the article describes the internationally recognised principles of social entrepreneurship while the practical aspect gives insight in key features that characterise understanding and implementation of social entrepreneurship in Latvia.

The results and findings: of the article highlight the key issues that need to be addressed on different aspects and levels of the society, including education, to promote social entrepreneurship in Latvia.

Practical implications: social entrepreneurship is a rapidly developing and changing business field in which the traditional lines blur between business, government, and non-profit enterprises, and it is critical that business students understand the opportunities and challenges in this new landscape. The article may be used as guidelines for designing social enterprise education and development courses and workshops.

Value: This article provides value for institutions of formal higher education who are implementing business administration programmes and are looking for diversity of approaches to verify career opportunity among business students who want to help tackle some of the European Union's most pressing issues, such as high unemployment rates, poverty and social exclusion, ageing population thus make a difference towards a more just and sustainable world.

Key words: social entrepreneurship, social enterprise, education

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1. Introduction

The coming into existence field of social entrepreneurship is rapidly growing and attracting expanded attention from different sectors, including education. During the last decades social entrepreneurship is becoming an increasingly important area of interest and study in European faculties. The development of social enterprises that are mainly value based, driven by an entrepreneurial spirit, and focus on social aims, is a tendency that can be observed in countries with different levels of economic development.

As social entrepreneurs rise in every sector and various markets, they could have greater impact on resolving social issues being professionally educated in business management. The question still exists whether matters concerning social entrepreneurship are included in traditional business administration programs to answer the needs of students who want to make a difference towards a more just and sustainable world. Further on this article investigates understanding of social entrepreneurship as a career opportunity among business students and whether and to what extent formal business education promotes social entrepreneurship in Latvia.

Aim of the research is to explore the understanding of social entrepreneurship among business administration students in Latvia and willingness to have a professional career in this field.

The idea of the research dates back to the year 1995, when one of the authors had an opportunity to observe and analyse development of social enterprises in Latvia and thus became aware of the significant role of the social entrepreneurial leader.

Research methods. The authors provide literature review on the internationally recognised principles of social enterprises; the quantitative approach and primary factual data selection included survey of business administration students in Latvia, both local and ERASMUS mobility students, on their perception and attitudes to social entrepreneurship well as screening of business administration programmes offered by higher education institutions in Latvia to get data on what business programs are doing to advance students on understanding of social entrepreneurship.

The hypotheses of the research. The authors bring forward the hypotheses that very limited coverage of social entrepreneurship principles by business education programmes results in insufficient understanding of the concept of social entrepreneurship among business students.

2. The idea of social entrepreneurship

The term ‘social entrepreneurship’ may sound new, at the same time the concept itself is well known. It covers a broad range of activities and initiatives, including social initiatives occurring in profit-seeking businesses, institutionalised entities explicitly pursuing a social goal, relations and practices that yield social benefits, entrepreneurial trends in non-profit organisations, and ventures developed within the public sector (European Commission, 2013).

There have always been people who were trying to respond to specific local needs and to involve individuals otherwise excluded from mainstream economic activity into income generating activities. They have introduced a new and rather significant phenomenon – social enterprises – not only through Europe but also in other continents. The European Commission in its Social Business Initiative gives the social enterprise the following meaning: an operator in the social economy whose main objective is to have social impact rather than make a profit for their owners and shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities (Social Business Initiative, 2011).

Often the activities of social enterprises had been aimed at poverty reduction and employment generation. One of well-known social enterprises is Grameen Bank in Bangladesh. It provides credit to the poorest of the poor in rural Bangladesh, without any collateral. The origin of Grameen Bank can be traced back to 1976 when Professor Muhammad Yunus, at that time Head of the Rural Economics Program at the University of Chittagong, launched an action research project to examine the possibility of designing a credit delivery system to provide banking services targeted at the rural poor (Grameen Bank, 2013). Based on his experience Professor Muhammad Yunus, also 2006 Nobel Peace Prize winner, defines what social entrepreneurship is and what it is not. It boils down to the following requirements (Yunus M., Weber K., 2007):

- social objectives: it needs to have positive social objectives (help comes from the altruistic social services that the business provides to the poor); e.g. health, education, poverty, environment, or climate urgency;
- community ownership: it needs to be owned by the poor or disadvantaged (dividends and financial growth return to the poor where their fiscal participation is helping to bring them out of poverty); e.g. women, young people, or the long-term unemployed;
- no profit distribution: investors may not, after having had their investments paid back, take profits out of the enterprise.

Although wide range of literature has been produced on the various relating aspects of social entrepreneurship, there is still a need to observe and analyse every separate case to find out the established pattern of behaviour and suggest for the future the best solution for every particular economy as well as every group of people involved.

Each case of social enterprise is based on a definite social need and it includes a diversity of approaches and resources for its resolution. In this respect it is important to consider the human or social entrepreneurial leader. Roger Spear, professor of social entrepreneurship and a founder member and vice-president of EMES (research network of established university research centres and individual researchers on social enterprise) among other interlinked themes which provide an evolu-

tionary perspective on the social entrepreneurship process mentions ideological development and leadership – where individual actors come together, and initiatives for collective action begin (Spear R., 2010).

Our knowledge of social entrepreneurial leaders is inadequate. Impressionistic accounts give indications of the characteristics, motivations, initial actions and learning experiences of these leaders (Prabhu G.N., 1999). David Bornstein explains how different are social entrepreneurs: “What business entrepreneurs are to the economy, social entrepreneurs are to social change. They are the driven, creative individuals who question the status quo, exploit new opportunities, refuse to give up, and remake the world for the better” (Renz D.O., 2010). The same human factor had been earlier emphasized also in Latvia. During the 2004 Mortgage and Land Bank international conference “Cooperatives: Challenges and Prospects” Maris Petrevics, one of the leaders of rural cooperative credit unions said that one of the great challenges is to find a leader of the cooperative. Because that person should be a real enthusiast, cooperation should be of vital interest to him, the hobby. Otherwise it would not be possible to lead people with different views and opinions (Hipotēku banka, 2004). Although it was said in relation to the slow growth of rural credit unions, the same could be attributed to the need of development of good communication skills and other interpersonal skills in leaders of any social enterprise.

Common features of social entrepreneurs and social entrepreneurship include a passion to tackle a local social need and to act as a catalyst for change, combined with an ability to attack the issue with ‘business-like’ discipline, tenacity and innovation towards a community goal (Anderson M., White S., 2011).

One of the social entrepreneurship researchers Athur C. Brooks, the president of the American Enterprise Institute and former Louis A. Bantle Professor of Business and Government Policy at Syracuse University, has noticed that along with the many of definitions of social entrepreneurship floating around over the past decade, a number of myths have appeared as well. One of them being that social entrepreneurs are born, not made. Dr. Brooks experience with non-profit management students proves that although some people certainly naturally possess more socially entrepreneurial characteristics than others, there is evidence that these characteristics can be fostered as well (Brooks, A.C., 2009).

Figure 1 clarifies what attributes should be brought together to develop a social entrepreneur. Education and experience is one of the essential attributes.

Education as one of the key attributes highlights the need for business schools to include social entrepreneurship education in their management programmes. Young people, compared to middle-aged may be more willing to initiate social action based on business principles. The social entrepreneur characteristics included in the Global Entrepreneurship monitor (GEM), 2009 Report on Social Entrepreneurship supports the involvement of young people in social entrepreneurship. Social entrepreneurs themselves vary in their demographics and motivations. There are several interesting findings about the relatively high prevalence of women, the

young age of social entrepreneurs and their diverse educational and work backgrounds (GEM, 2012).

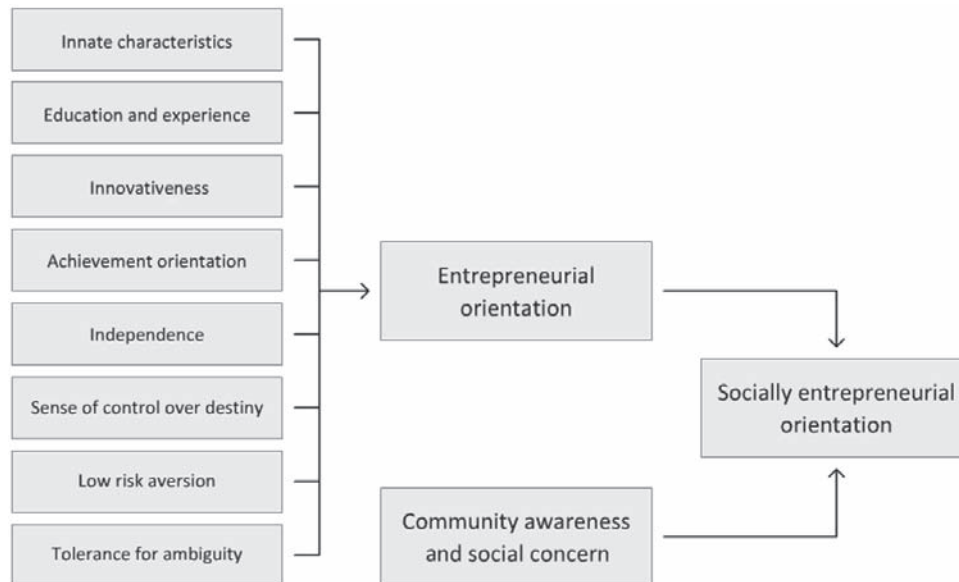


Figure 1. The Characteristics of a Social Entrepreneur

Source: Arthur C. Brooks (2009, 13)

Education may resolve also one of the barriers to the development of social enterprises, highlighted in the examination of the concept and practice in Europe and the Commonwealth of Independent States. Managerial barriers include lack of a labour supply possessing the managerial and professional skills needed to manage social enterprises (Borzaga C., Galera G., Nogales R., 2008).

The success of the social enterprise very much depends on the ability of a social entrepreneur for building a strong and sustainable organization and making use of appropriate business methods. Therefore further the article reveals whether business education in Latvia introduces students with the concept of social entrepreneurship.

3. Social entrepreneurship education globally and in Latvia

J. Gregory Dees who is often referred to as the father of social entrepreneurship as an academic subject and is the founding faculty director of the Centre for the Advancement of Social Entrepreneurship at Duke University's Fuqua School of Business, has been saying, that business schools still view social entrepreneurship as a practice, not a discipline; it is the same difficulty that entrepreneurship was faced with when it began (A Closer Look, 2006). There is not enough academic research out there right now; there needs to be more in order to advance the credibil-

ity of social entrepreneurship as an academic field. Most business schools still address social issues by discussing them within the frameworks of non-profit organizations and government agencies. Altogether, according to J. Gregory Dees, student demand is fuelling the growth of social entrepreneurship education in their schools.

A global non-profit organisation Net Impact in 2006 launched *Business as Unusual* to help drive social responsibility in business from the fringe to a trend and then to the mainstream. Their 2012 survey of over 3,000 Net Impact chapter members proved that business school broadened students' horizons around impact job (Net Impact, 2012). There has been a shift from environmental and social topics being covered in unique new electives to their inclusion in a more holistic core curriculum.

INSEAD, one of the leading and largest graduate business schools, in 2011 at Berlin Social Entrepreneurship Conference reported that their pioneer Social Entrepreneurship Programme, since 2006 being conducted annually in both INSEAD Fontainebleau and Singapore campus, had established itself as the most valuable programme for leading social entrepreneurs and the entry ticket into a valuable life-long network of support and knowledge sharing (INSEAD, 2011).

At the same time social entrepreneurship is a fairly new concept in Latvia. Fostering social entrepreneurship is not only of concern in Latvia, it is an important issue within European Union. In 2011 the Social Business Initiative was set up by the European Commission to highlight the actions already undertaken by the European Union with regard to social entrepreneurship and outline the actions of third countries and international organisations (EC, 2011).

The Commission finances educational projects at all levels via the 2007–2013 Lifelong Learning Programme and the 2007–2013 Youth in Action Programme. In this context, the ERASMUS Programme supports social entrepreneurship by favouring multilateral projects which develop social responsibility, and by supporting placements in social enterprises. ERASMUS also supports university structures which include social entrepreneurship in their programmes (EC, 2013).

Although Latvia has been a member of European Union since 2004, a process of socioeconomic segregation is on-going in society. Due to a lack of experience and entrepreneurial courage, resulting in a generally risk-averse population, it is very problematic for the great part of Latvia's society to take advantage of the opportunities provided by the market economy (Baltaca, B. 2010). One of the reasons of insufficient interest in social entrepreneurship is education. GEM in its 2009 Latvia Report states that in comparison to other countries, in Latvia many more social entrepreneurs have only full secondary education but not beyond. The difference is as large as 38 percentage points between Latvia and efficiency-driven economies (GEM, 2009).

Latvian social entrepreneurs are mostly young enthusiastic people, to whom the primary motivation is not gaining profit from the business activity they have chosen. They are motivated by altruistic, at the same time more ambitious goals (Providus, 2012). That is another reason for business schools in Latvia to organise

their capacity and bring the academic expertise to accept upon the distinctive challenges faced by social entrepreneurs.

Institutions of formal higher education in Latvia start recognising the significance of social entrepreneurship. The analyses done by the authors of the article of publically available information on schools offering degree programmes in management allows to single out the ones who have social entrepreneurship on their agenda.

In February 2011 a full master degree programme “Social entrepreneurship management” had been licensed at Latvian Christian academy.

Latvia University of Agriculture master programme “Business Management” includes a study course on social entrepreneurship.

BA School of Business and Finance in the academic year 2012/2013 have offered bachelor students of the degree programme “Innovations and Product Development in Business” an elective course on social entrepreneurship.

The Social Entrepreneurship Forum at the Stockholm School of Economics in Riga has been taking place since 2009. The theme of the forum changes every year to reflect topical issues in the Baltic region.

At Turība University it is possible to get general information on social entrepreneurship in Latvia.

In May 2013 Riga International School of Economics and Business Administration launched a new project “RISEBA Creative Business Incubator”. The goal of the project is to provide start-up advice and support to students and alumni. The Incubator has already gained recognition by the Latvian Ministry of Economics for boosting Creative Industries, Social Entrepreneurship and Innovation (RISEBA, 2013).

The information above illustrates that there is little interest among institutions of higher education of Latvia to include programmes or courses on social entrepreneurship. Only the few mentioned earlier out of 56 institutions of higher education in Latvia have already incorporated social entrepreneurship in their curricula.

4. Analysis of the student survey

One of the findings included in GEM 2009 Report on Social Entrepreneurship states that individuals with higher levels of education are more likely to engage in social entrepreneurship activity. One explanation may be that education enables individuals to identify and pursue social entrepreneurship opportunities. Another possibility is that an education affects values and motivates individuals to help others (GEM, 2012). Taking into consideration the above statement, the authors of this article are addressing the question of perception and attitudes to social entrepreneurship among business students. To investigate the issue in 2012/2013 the authors of the article carried out a survey of 374 business administration students, including 314 of BA School of Business and Finance alongside with 60 ERASMUS mobility students. To understand student’s general view on the main purpose of en-

trepreneurship, they were asked four separate questions on what is the main goal of entrepreneurship.

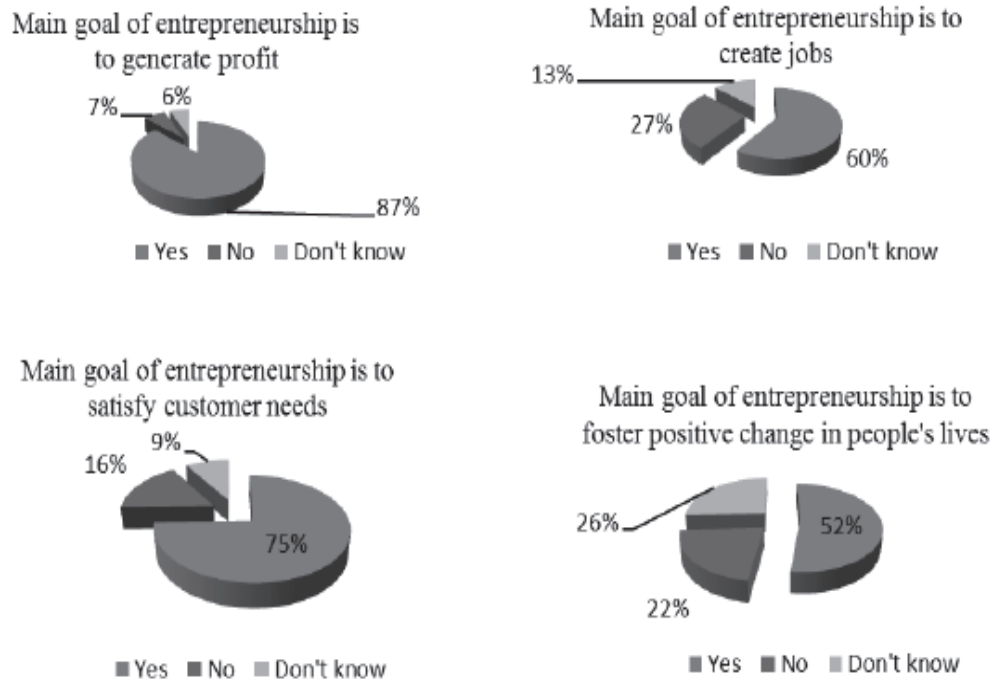


Figure 2. Business students view on the main goal of entrepreneurship

Figure 2 exemplifies that although business students view entrepreneurship as means of generating profits and satisfying consumer needs, they very well recognize the need for entrepreneurship to create jobs and make positive change in people's lives.

Further the students were enquired about their understanding of social entrepreneurship. Figure 3 shows that majority of the respondees agree that social entrepreneurship is business, that is not driven by making profit, but resolving of socially important problems. It proves that management students are well aware of the basic differences between mainstream business and social entrepreneurship.

To identify the areas where social entrepreneurship would add greater value students were asked to prioritize the following areas: Healthcare; Services for socially sensitive groups of society; Family Services; Employment and Training (for low qualification people); Human Rights/Justice/Peace; Social Rehabilitation (Addictions/Ex Offenders/Etc.); Microfinance/Finance; Housing. Figure 4 shows the four areas where percentage of respondents exceed 10.

The results of the survey proved that one of the reasons of low social entrepreneurship activity is lack of information. Figure 5 shows that majority of students agree that there is insufficient information available.

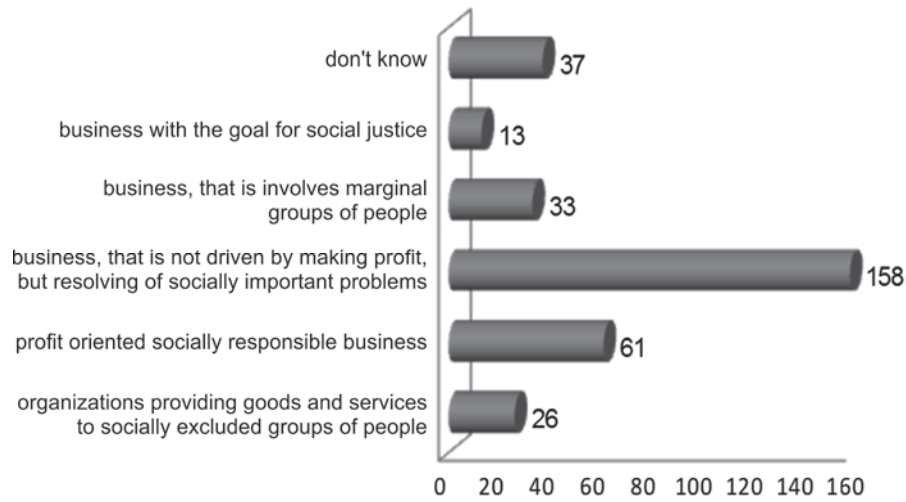


Figure 3. Business students view on what is social entrepreneurship

In which area social entrepreneurship is most welcome?

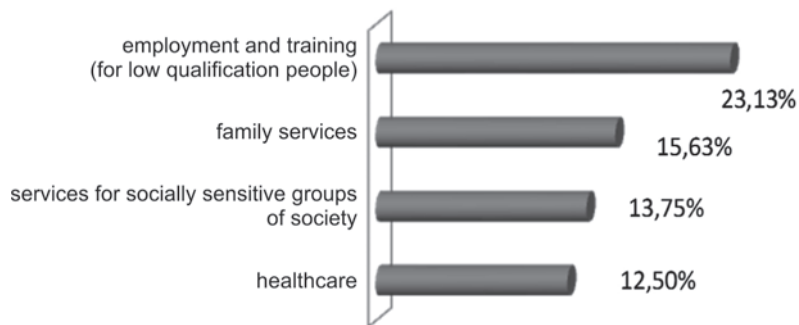


Figure 4. Business students view on the most important areas of social entrepreneurship

There is enough information on social entrepreneurship

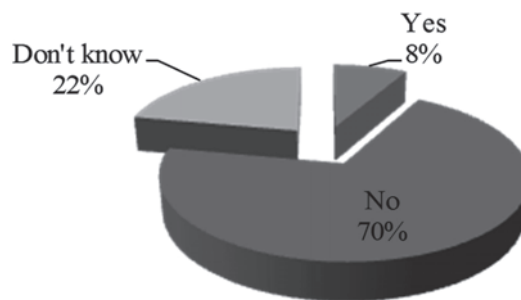


Figure 5. Business students view on availability of information on social entrepreneurship

The concluding questions of the survey were aimed at clarifying whether business students are interested in a professional career in social entrepreneurship, either as business owners or employees.

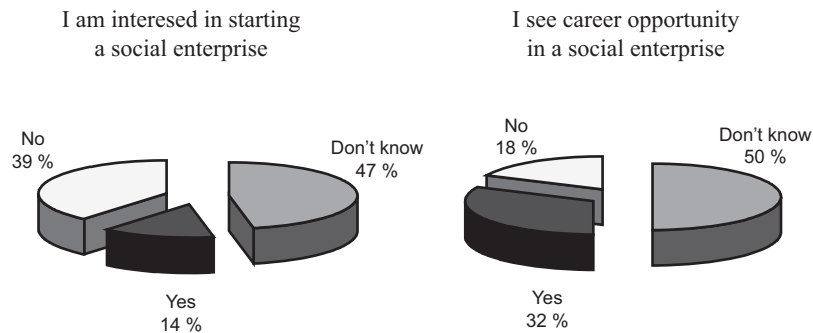


Figure 6. Business students view on career possibilities in social entrepreneurship

As shown in Figure 6 business students are very hesitant to associate their further professional career with social enterprise. There should be more research to explore the reasons for such attitude. One of them could be the earlier mentioned insufficient information on positive cases within social entrepreneurship.

5. Discussion and conclusions

- Fostering social entrepreneurship is an important issue within European Union. The European Commission finances educational projects, including the ERASMUS Programme, that supports social entrepreneurship by favouring multilateral projects which develop social responsibility, and by supporting placements in social enterprises. ERASMUS also supports university structures which include social entrepreneurship in their programmes.
- Social entrepreneurs are mostly young enthusiastic people and therefore it is important for institutions of higher education to include social entrepreneurship into their curricula. There is not enough academic research out there right now; there needs to be more in order to advance the credibility of social entrepreneurship as an academic field.
- Business students in Latvia are well aware of the main principles of social entrepreneurship. At the same time they agree that information on social entrepreneurship is insufficient. That might be one of the reasons of their hesitance to see career opportunity in social entrepreneurship.

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EDUKACJA NA KIERUNKACH BIZNESOWYCH I JEJ ROLA W ZROZUMIENIU ZJAWISKA PRZEDSIĘBIORSTW SPOŁECZNYCH

Celem artykułu jest zbadanie jak studenci kierunku „Zarządzanie firmą” na Łotwie rozumieją zjawisko przedsiębiorczości społecznej. Jako że przedsiębiorstwo społeczne powiązane jest z określoną potrzebą społeczną sposób jej zaspokojenia obejmuje różnorodne podejścia oraz sposoby wykorzystania zasobów. Ważnym jest tutaj uwzględnienie znaczenia tak zwanego „ludzkiego” czy „społecznego” lidera.

Układ/metodologia/zastosowane metody: Zastosowano badanie ankietowe przeprowadzone na grupie studentów kierunku „zarządzanie firmą” na Łotwie, które dotyczyło ich percepcji przedsiębiorczości społecznej. W teoretycznej części artykułu opisano przyjęte w literaturze międzynarodowej założenia dotyczące przedsiębiorczości społecznej. Praktyczna strona artykułu pozwala zrozumieć i podjąć działania na rzecz wdrażania i rozpowszechniania przedsiębiorczości społecznej na Łotwie.

Rezultaty i odkrycia: Artykuł ukazuje kwestie kluczowe dla promocji przedsiębiorczości społecznej na Łotwie, które wymagają uwagi i działań w różnych obszarach i na różnych poziomach społeczeństwa.

Wnioski dla praktyki: Przedsiębiorczość społeczna jest szybko rozwijającym i zmieniającym się polem dla działań biznesu, gdzie zaciera się tradycyjny podział na przedsięwzięcia zorientowane na zysk, rządowe oraz zajmujące się działalnością nie zorientowaną na zysk. W związku z tym niezbędne jest aby studenci kierunków biznesowych zrozumieli możliwości oraz wyzwania, jakie istnieją w tym nowym obszarze. Artykuł może być wykorzystany jako wskazówka dla zaprojektowania programów edukacyjnych związanych z przedsiębiorstwami społecznymi oraz innych kursów i warsztatów.

Znaczenie: Artykuł ma znaczenie dla instytucji zajmujących się wyższą edukacją, które wdrażają programy w zakresie zarządzania w biznesie oraz poszukują sposobów rozwoju karier studentów studiów biznesowych, a tym samym chcą pomóc w zmaganiach z najbardziej istotnymi problemami Unii Europejskiej, takimi jak wysoki poziom bezrobocia, ubóstwo, wykluczenie społeczne i starzejące się społeczeństwo, poprzez wprowadzanie zmian na rzecz bardziej sprawiedliwego i zrównoważonego świata.

Słowa kluczowe: przedsiębiorczość społeczna, przedsiębiorstwo społeczne, edukacja