

An Introduction to Social Entrepreneurship - Importance and Types

Not everyone's expectations are the same when working or creating a business. Social entrepreneurship provides a field of business for entrepreneurs who want to build a socially meaningful business.

It helps entrepreneurs bring a positive impact on society, while still making some profit.

What is Social Entrepreneurship?

The process of social entrepreneurship starts with recognising social problems that you want to address and creating your business plan according to them.

In traditional entrepreneurship, the main goal is to make a financial profit and measure the company's success based on that. On the other hand, social enterprises' achievements and success are measured with positive social impact.

Since social entrepreneurship focuses on positive social impact more than financial profit, sometimes people mistake them for non-profit organisations. However, we can describe social entrepreneurship as a system where economic and social values coexist. Social entrepreneurs put their products in the marketplace and generate profit. Here, most of the profit is spent on social issues (e.g., increasing quality of life, improving education, etc.) they're addressing.

Social entrepreneurs don't think solely about profit. They start their venture journey to find solutions for social problems and fulfil their mission by selling, reinvesting, and bringing positive changes.

Why is it Important?

- **Job Opportunities.** Unemployment is one of the serious problems in today's world. Social entrepreneurship creates diverse and integrated job opportunities for everyone. The European commission's 2020 report "[Social Enterprises and their Ecosystem in Europe](#)" reveals that 13.6 million people in Europe work in social enterprises.
- **Brand and Customer Connection.** Social entrepreneurs create a connection between their brands and customers beyond economic relationships. A [survey](#) by BBMG reveals that Gen Z wants to see if a brand addresses complex social issues and does something about it. Social enterprises are aware of this need; they build a product to help a community and show or advertise how their

product matches their mission to make betterments in their community or the world.

- **Visionary Thoughts to Make Changes.** Since, social entrepreneurship doesn't solely build on the idea of making a profit, but also impacts a positive change. Social entrepreneurs try to protect the environment while producing goods or take meaningful actions to improve the environment. For example, [Toastale](#), a beer brewing company, uses leftover bread instead of barley. The company says, by doing this, they use less water, land and energy, and, consequently, less CO2 emissions.

What are the Types of Social Entrepreneurship?

- **The Community Social Entrepreneur.** The entrepreneurs choose this type of work with communities in their local areas and work with community members. They focus on the community's problems, such as education, hygiene, or unemployment.
- **The Transformational Social Entrepreneur.** Transformational entrepreneurs focus on building a business that reinvests some profit in the social problems they are addressing. They usually try to find social issues that the government (local or country-wise) or other companies haven't addressed yet. These types of social enterprises show a larger organisational structure. They run with rules and regulations, pay attention to the government's guidelines, they hire talented and visionary people to stay up to date about the market. Their transformational and new ideas might even open doors to working with different government branches.
- **The Non-Profit Social Entrepreneur.** Here, the entrepreneurs reinvest every profit they make in their communities. They usually organise events to receive funding for their cause. Companies and businesses typically choose to work with these types of social enterprises, which address the same social problems as they.
- **The Global Social Entrepreneur.** These entrepreneurs focus on a more enormous, global positive social impact and changes. It's common to see the most recognised company names in this type of entrepreneurship. At this point, companies come with social awareness or help projects that address issues related to health, education, the environment, etc. For example, purchasing Apple's red products (PRODUCT RED) will help to contribute to The Global Fund and its fight against AIDS.

5 Characteristics of Social Entrepreneurs

- **Being Curious.** Social Entrepreneurs carry curious characteristics. They try to find out the problems and understand the needs and wishes of the communities they will work with.
- **Having a Deep Empathy.** The success of social entrepreneurs comes from their ability to put themselves in someone else's shoes. They are familiar with the problems, or they may even have gone through them.
- **Strategic Thinking.** This is about when and how to make changes to the plans. Not every business strategy goes as planned in the first stage. Social leaders shouldn't be stubborn. They must be flexible and adjust to changes to run a successful enterprise.
- **Reaching Resources.** Since social entrepreneurs don't think of profits solely as a financial but as a socially positive impact, it's hard for them to find funders or businesses that would like to invest in them. Here comes the importance of making a sale. Social entrepreneurs need to convince others why their business is good and what kind of changes will happen in people's lives.
- **Being open to work with others.** Your company might not be the only one in the region that addresses the same issue. It's always good to reach out to others, work together, and create a network.

Impact Investing and Social Entrepreneurship

With impact investing, investors look for financial returns while prioritising generating positive social and environmental impact. Read our article on [impact investing](#).

The European Social Innovation and Impact Fund (ESIFF) can be shown as an example of a platform where impact investors and social enterprises meet in Europe. It aims to maintain a strong relationship with impact investors and the social enterprises in the European Union. After the first funding event in 2020, ["Eminent institutional and private investors committed €4.5 million in capital to the ESIIIF at first closing."](#)

If you want to start a business and bring a positive social impact to your community, social entrepreneurship is something you need to know and learn. In [EWOR](#), we enjoy helping entrepreneurs who want to build socially and environmentally impactful ventures.