Social Entrepreneurship and its Impact on Economy: 
In Perspective of Pakistan

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Abstract

Social entrepreneurship is an essential type of entrepreneurship, which helps to boost the economy as well as the society of the any country. Social Entrepreneurship is gaining attention in Pakistan too, but the growth is still slow. It has brought a revolutionary change in the Pakistan up to some level, in term of creating job opportunities, new innovation in the market, alleviation of poverty and enhancing the social investment or trade. Social entrepreneurship is vital to unlock the economic inclusion and growth, for developing economies like Pakistan. Social models and economy of Pakistan needs to reinvent it. Thus, the purpose of this research is to explore that what are the basic challenges faced by Social Entrepreneurship in the boundaries of Pakistan and How Social Entrepreneurship can contribute in developing the economy of Pakistan?. Social entrepreneurship is a part of the social economy and social economy is a part of economic reality.

Key words

Social entrepreneurship, economy, Pakistan

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1. Introduction

The term social entrepreneurship is gaining popularity in its areas of development, but it may be relatively new in Pakistan. Social entrepreneurship is vital to unlock the economic inclusion and growth, for developing economies like Pakistan. Social models and economy of Pakistan needs to reinvent it. We need growth that is greener, fairer and anchored, in country across the Pakistan, social entrepreneurship/entrepreneurs are recognized as a vehicle for economic and social cohesion. It helps to build resilient and pluralistic social market economy, in the country. Social enterprises create jobs, provides innovative services and products, promote a sustainable economy, create opportunities and hope for the future. SE (social entrepreneurship) is agents of change, who are passionate to improve the lives of people.

According to the opportunity Pakistan Report (Produced by i-genius), “An initiative supporting social entrepreneurs worldwide-despite the country’s social and political unrest, It offers opportunities for Innovations and Investment”. Shivang Patel, commissioner coordinator of i-genius, said that “Pakistan is a land of opportunity for social entrepreneurship and innovation, despite media attention in the west on all things bad in the region we found a country progressing through slow but significant positive reforms.”

“Entrepreneurship sector in Pakistan provides in 80 %of non-farm employment, contributes 40 % to GDP and has a 25 % share in the country’s exports” (Manzul ul haq, 2008). According to the Economist Intelligence Unit (EIU) (2013) survey, “Pakistan ranked first in Asia and third in the world for a healthy
microfinance, business environment.” Furthermore, i-genius report said” creating a social Investment Fund in Pakistan can provide members from diaspora, International and local Communities a chance to Invest in high potential social Initiatives.

2. Purpose of research work
   1. To understand the term “Social Entrepreneurship”.
   2. To illustrate the major challenges faced by Social Entrepreneurship in Pakistan.
   3. To find out, “How Social Entrepreneurship can contribute in developing the economy of Pakistan?”.

3. What Is social entrepreneurship

There is no universally agreed definition of social entrepreneurship, but the most defined and understandable definition of social entrepreneurship by Robert (2005), “The creation of a social value that is produced in collaboration with people and organizations from the civil society who are engaged in social innovations that usually imply an economic activity.”

There are four basic elements pointed, in this definition: Social value, Civil Society, Social Innovation and economic activity.

- Social values are created by social entrepreneurs. Social values man a mission of improving access to basic health, education, clean drinking water, Social Justice and Social rights.
- Civil Society is the “aggregate of non-governmental organizations and institutions that manifest interest and will of citizens” (Pawel, 2012). We can say that, Social Entrepreneurship is located at the intersection of the private sector, public sector and the civil society. Civil Society refers as a third sector of society.
- Social Innovation Includes social process of Innovation like open source technique, methods and Innovations which have social purposes of civil society. According to Grisolia and Ferrangina (2015), Social Innovations define as” New Ideas (Products, Services and Models) that simultaneous it meets social needs and create new social relationships.”
- Economic Activities are one of the Key elements for social entrepreneurship “Activities of Social Entrepreneurship have an economic impact on the communities (that are involved) and entrepreneurial organization Itself” (Duff, 2011).

Qualities of social entrepreneurship

Some characteristics that make social entrepreneurs different from other types of entrepreneurship; According to David (2011),“Social Entrepreneurs is different from others in the way that they usually had an experienced early in their life of feeling powerful and that helped them activate their potential. The other thing is they also tend to have had the same experience in their lives that was painful. And this is one of the main reasons that they have very strong feelings about injustice. They also very often have people in their lives that are deeply ethical—a father, a grandfather, a mother a teacher, perhaps-somebody who impressed upon them the idea that to live a good life it is not enough to go out there and make money or seek success in a purely materialistic sense.

Challenges faced by social entrepreneurship in Pakistan

Peredo and Mclean (2006) Indicated that “there are nevertheless tremendous hurdles and challenges that many Social Entrepreneurs/Entrepreneurship faces and that hinder the entrance of new social entrepreneurial ventures. Some major challenges which are faced by Social Entrepreneurship in Pakistan are.

Lack of education related social entrepreneurship

In Pakistan’s Social Entrepreneurship is still encumbered by the conventional Education System. Education is Key to promote Social Entrepreneurship in the business sector of the Country’s economy, but there is still lack of Social Entrepreneurial development Curriculums in the education system of Pakistan.
Entrepreneurial Education is limited only to Management Institutes and Business schools, due to which this sector is still struggling in Pakistan. Government of Pakistan needs to make Social Entrepreneurial education compulsory for all schools and colleges like science and arts subjects. Some institutes developed curriculum on entrepreneurship, but still they are lacking social entrepreneurship in their courses.

**Lack of financial assistance**

One of the major challenges for Social Entrepreneurship in Pakistan is Lack of financial resources or assistance. Social Entrepreneurs run their organization generally by their own funds or sometimes they raise funds by a high rate of interest from local money lenders, which becomes a financial burden on social entrepreneurs. In Pakistan, commercial banks are also not providing easy loans to Social Entrepreneurs for social purposes because of social complications of the banking system (Rules and Regulations). Government needs to support social entrepreneurs for the sake of the health economy.

**Lack of government support**

In Pakistan one of the major hindrances for social entrepreneurship is “Lack of Government support.” The government of Pakistan is not providing any assistance to social entrepreneurs for promoting their social ventures. Rules and Regulations and policies are too strict and complex for social business or social entrepreneurship. Government is not taking any proper step to enhance these social businesses or entrepreneurs in Pakistan. No tax incentives or subsidies are provided to social ventures by government.

**Lack of awareness**

In Pakistan is “Lack of awareness regarding social entrepreneurship. People don’t know that what is Social Entrepreneurship? How It Works? Why they Work?. If we want to promote Social Entrepreneurship in Pakistan than we have to educate our people first about this Social Ventures. Awareness in people plays a vital role in the success of Social Entrepreneurship In any country we have to give information/knowledge about the business of our people to like that “What are the benefits behind these Social Entrepreneurs at their door step.

**Facing competition from others**

As we know that “Social entrepreneur deals with the welfare of society and their basic focus is to find out the easy or affordable solutions for different Societal Problems or Issues.” But we know that every activity of social business carries a cost, which is mostly paid by the entrepreneurs through his pocket. A Social entrepreneur is always in the search of “to earn some profit” by providing the best solution to the problems, faced by society. But the main drawback Is, the conventional business also comes With the competition with social entrepreneurship with the same technique and solution and these traditional businesses create their monopoly by Increasing Investment or cost In the market, and they start hampering the future growth of social businesses and entrepreneurship in Pakistan.
4. How social entrepreneurship can develop the economy of Pakistan

Social entrepreneurship can improve or develop the economy of Pakistan by following these some main aspects;

**Creation of jobs**

Social entrepreneurship is a basic source for the creation of jobs or employment. According to Aimee Meade (2013), “Not only can social enterprises offer more employment they can act as a campaigner and advocates for employing people from outside the usual suspects.” There are a lot of opportunities, which are created by Social Entrepreneurship for unemployment. Paul Wilson (2011) suggested that “Social enterprises have two intersecting roles when it comes to employment. One is that employers in their own right aspire to be excellent employers and seek employment as a central part of their remit. The other is the sector’s role as advocates and catalysts in demonstrating that employing people from outside the existing employed workforce is not only a good thing, but also the right thing to develop their businesses as well as the economy of country”.

**Innovations**

Social entrepreneurship is also known as innovators and innovation shapes a direct impact on the economy of any country. Social entrepreneurship is also popular for creative industries and creative economic. Innovations always help to boost the economy. Hilde Schwab (2011) said, “Social entrepreneurs and their innovations promoting inclusive economic growth.” According to Miraj Schoening (Head of the Schwab for social entrepreneurship) explained that “Social entrepreneurship is the driving force behind the innovations that improve the quality of life of individuals around the world, which also helps in developing the economy.”

“All over the world during the past decade, there has been a phenomenal surge of interest in social innovations as a way to achieve sustainable economic growth”, (Urama, 2013). According to the Jude Borroso (2009), “The financial and economical crisis makes creativity and innovation in general and social innovation in particular even more important to foster sustainable economic growth, secure jobs and boost competitiveness”.

**Enhancing Social Investments/Trade**

Social Entrepreneurship is a key source which brings different social investment and trades in Pakistan. According to Tim Rann (2014), “Social entrepreneurship includes micro finance, fair trade, triple bottom lines companies, B corps, incubators and other for profit business or noon profit market interventions with a defined and measurable social impact”. Social entrepreneurs also contributing to the dynamic shift in social justice, cultural sustainability and economic development around the world (Trapp, 2015).

Impact investment is fully correlated with social entrepreneurship. Impact investing is defined by Global Impact Investing Network (GIIN) as “investments made into organizations, funds and companies with the intention to generate social and environmental impact alongside a financial return” (US advisory board on impact investing, 2014). GIIN emphasize “the importance of intentionality in actively seeking direct investments in social business/enterprises with high social and environmental impact outcomes as well as an expectation of financial return. This shows that how social entrepreneurship enhances the investment in the economy of the country.

**Poverty alleviation**

Social entrepreneurship is viewed as a way of combating poverty, with the pursuit of an entrepreneurial strategy (Diochon, 2013). “Many studies indicated that opening up of trade has a positive
impact on poverty reduction” (Khurshid, 2013). Social entrepreneurship has a promising approach to eliminate the causes of poverty, which helps in boosting the economy. Social entrepreneurship makes ventures that may be for benefits or nonprofit, yet the need is frequently on utilizing market oriented exercises to create framework change that enhances the lives of individuals. Social entrepreneurship has a specific capacity in the financial ecosystem (Barham, 2013). According to Mead and Lieholm (1998), social entrepreneurship is a successful means of financial advancement and poverty alleviation in bankrupted and lower income areas of the world. The consequences of social entrepreneurship on eradication of poverty and increases income for the beneficiaries of microfinance are at best inconclusive (Kareem, 2015).

4. Future Implications
1. Government should need to support the startup stage of social enterprises/entrepreneurship.
2. Government should support both financially and organizationally to social entrepreneurship.
3. National policies should support welfare activities of social enterprises in the interest of the public.
4. Federal and provincial/local government should grant compensation to social entrepreneurship for the production and delivery of goods and services for people’s benefits.
5. National and local government should need to increase awareness among their public about the third sector organization for the creation/enhancing of social capital.
6. Government should need to create a public/private social innovation fund to support social entrepreneurship.

References


