



Theoretical Perspectives on Social Entrepreneurship-An Overview

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Abstract

Social entrepreneurship is critical because it addresses, rather than ignores, systemic social, environmental, and cultural problems by using innovative, sustainable business models. It creates a "profit with purpose" approach, fostering economic growth, reducing poverty and filling service gaps left by government or traditional NGOs. Social entrepreneurship transforms society by using innovative business models to tackle pressing challenges like poverty, inequality, and environmental degradation. Rather than solely maximizing profits, these enterprises prioritize long-term societal and ecological benefits, empowering marginalized communities and driving systemic, lasting change. Theories of social entrepreneurship attempt to explain the motivations, strategies, and societal impacts of ventures that prioritize measurable social change alongside economic sustainability. Rather than maximizing shareholder wealth alone, these frameworks explore how social entrepreneurs innovate to solve systemic problems and drive social development.

Key Words: - Social entrepreneurship, innovative, environmental degradation, marginalized communities, economic sustainability.

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I. Introduction:

Social entrepreneurship offers a powerful, flexible and forward-looking approach to solving today's toughest challenges. As societies face increasingly complex problems, we need innovators, change-makers and entrepreneurs who are driven not only by opportunity, but by a mission. Social entrepreneurship is not just a movement. It is a necessary evolution in how we think about business, leadership and sustainable global progress. The importance of social entrepreneurship today cannot be overstated. It offers a framework for addressing social challenges, empowering communities, and fostering innovation. By promoting collaboration and sustainability, social entrepreneurship creates lasting change and inspires future leaders.

Social entrepreneurship is the practice of building mission-driven businesses that develop, fund and implement solutions to social, cultural or environmental issues. Rather than maximizing profits for shareholders, these ventures prioritize societal impact, often reinvesting their surpluses directly into the community or cause. Social entrepreneurship leverages innovative business models to prioritize societal impact over financial gain, spanning models like non-profits, for-profits, and hybrids. Common types include community-based, non-profit, transformational, and global, often focusing on education, health and environmental sustainability.

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Objectives:

Types of Social Entrepreneurship

- To know about types of Social Entrepreneurship
- To study about different theories of social entrepreneurship
- To find out theoretical perspectives on social entrepreneurship etc.

II. Methodology:

The present paper “Theoretical Perspectives on Social Entrepreneurship-An Overview” is based on secondary source of data. The secondary data is collected through articles published in multifarious journals, newspapers and a variety of websites.

businesses by inspiring other entrepreneurs to start their own businesses as well. Theory of Social Entrepreneurship has been used in business settings throughout history to identify how different concepts like innovation (the ability to come up with ideas quickly), risk (the willingness to take risks), creativity (the ability to see things differently), teamwork (the ability to work together for a common goal), and marketability (an industry or product that can be sold) can play into success in business. The Concept of Social Entrepreneurship. The concept of social entrepreneurship has been around for a long time and is widely accepted by those in the field. The term is often used to refer to businesses that are started or run by people who believe in doing good things for the world, even if it means creating their own business. What is Social Entrepreneurship There are many different types of social entrepreneurship, but the most common ones include start-ups and nonprofits. Start-ups typically involve new ideas and technology, while nonprofits focus on helping others through donations or services.

What is the Definition of Social Entrepreneurship

There is no one definitive definition of social entrepreneurship, but most experts agree that it refers to a business model or approach where someone takes on a challenge and succeeds in making their own impact in the world. This can be done through starting their own company, giving back to society, or working on a project that has a significant positive impact on people or nature.

Types of Social Entrepreneurship.

There are a few types of social entrepreneurship:

1. **Product Social Entrepreneurship:** This type of social entrepreneurship is when a business starts with the idea of creating a good or service that has potential to make a real impact on the world, but they don't start out with that idea as their primary focus. Instead, they start off by developing and launching their product or service in order to see if it can be successful and bring about change.
2. **Service Social Entrepreneurship:** This type of social entrepreneurship is when a business starts with the idea of providing great customer service or solving a problem that people have. They work tirelessly to make sure their products or services meet or exceed expectations and help others in need.
3. **Humanitarian Social Entrepreneurship:** This type of social entrepreneurship is when a business starts out with the idea of helping others through their own efforts instead of depending on outside forces to do so. They may focus on causes like climate change, famine, or poverty, and work relentlessly to improve conditions for those involved.
4. **Community-Based Social Entrepreneurship:** This type of social entrepreneurship is when a business starts out with the idea of building relationships with local communities in order to help them achieve certain goals. They may focus on things like donating time or money to various organizations, working together towards common goals, or even collaborating on new projects together.

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Theories of Social Entrepreneurship:

Theory of Social Entrepreneurship states that all entrepreneurs share some common characteristics, including an entrepreneurial spirit, creativity, risk-taking, and determination. These qualities help create successful businesses by inspiring other entrepreneurs to start their own businesses as well. Theory of Social Entrepreneurship has been used in business settings throughout history to identify how different concepts like innovation (the ability to come up with ideas quickly), risk (the willingness to take risks), creativity (the ability to see things differently), teamwork (the ability to work together for a common goal), and marketability (an industry or product that can be sold) can play into success in business.

Entrepreneurship is the process in which an individual or group of people create an original plan to create a business or start-up company. Typically, there are numerous challenges along the way, but entrepreneurship revolves around finding unconventional and innovative ways to solve those problems. Throughout this process, numerous entrepreneurs use 8 theories along their journey in order to further develop their precision and understanding of being an entrepreneur. These theories are all fundamental principles that connect the facets of business, such as innovation, markets, and management.

Theories of entrepreneurship may be described as follows:

1) Innovation Entrepreneurship Theory:

In order to make their businesses financially successful, entrepreneurs have to depend on finding innovative solutions and the ability to anticipate and prepare for future events. This theory was popularized by renowned economist Joseph Schumpeter, who believed that substantial economic growth will occur only when entrepreneurs create original, innovative solutions through the use of problem-solving skills. According to Schumpeter, this innovation is created in 2 ways: decreasing production costs and increasing certain product demands.

2) Economic Entrepreneurship Theory:

The Economic Entrepreneurship Theory states that entrepreneurs are both considered producers and exchangers. This theory was created by economist Richard Cantillon, who described how in the supply chain of production, where raw materials are turned into finished goods, an entrepreneur's actions, and thoughts have a major impact on the development of the product.

3) Psychological Entrepreneurship Theory:

The Psychological Entrepreneurship Theory highlights the mental aspects of an entrepreneur, which can be broken into 3 sections: their internal and external control facets, which include their deft skills and support systems, their personality and traits, which are their successful entrepreneurial qualities, and their mind set to achieve their goals, which includes their passion and desire to attain success.

4) Sociological Entrepreneurship Theory:

This theory describes the social parts of entrepreneurship, as it highlights how an entrepreneur can create a prosperous business if they consider social prohibitions and religious customs to satisfy numerous customers' expectations. This would be essential for their business or start-up, as it would increase their overall customer diversity.

5) Opportunity-based Entrepreneurship Theory:

This theory states how an entrepreneur has to search for change and use it to gain new opportunities and benefits for their business or start up to further develop and become successful.

6) Resource-based Entrepreneurship Theory:

This theory emphasizes the importance of resources; besides money and time, an entrepreneur needs to start and develop a business or start up. These can include crowd funding platforms; start up apps, business websites, etc. These can go hand in hand with money and time to facilitate the development of an entrepreneur's business or start up.

7) Anthropological Entrepreneurship Theory:

This theory focuses on the importance of understanding social and cultural factors and connections throughout the process of entrepreneurship. This will enhance the entrepreneur's observational skills, which will help them create new problem-solving skills, when in difficult situations.

8) Process of Stage Entrepreneurship Theory:

This theory describes the 5 stages of entrepreneurship development: The need for entrepreneurship, the identification of an entrepreneur's abilities, the process of business development, public funding and promotion, and constructive criticism and feedback.

Major Schools of Thought in Social Entrepreneurship:

Theories of social entrepreneurship attempt to explain the motivations, strategies, and societal impacts of ventures that prioritize measurable social change alongside economic sustainability. Rather than maximizing shareholder wealth alone, these frameworks explore how social entrepreneurs innovate to solve systemic problems and drive social development. Because social entrepreneurship sits at the intersection of business, philanthropy and sociology, its theoretical landscape is diverse. The most prominent theories explaining these phenomena are categorized into main schools of thought as mentioned below:

1. The Social Innovation School (Schumpeterian):

Derived from Joseph Schumpeter's theory of "creative destruction," this perspective defines the social entrepreneur as an innovator who disrupts the status quo.

2. Social Enterprise School (Earned Income):

This practical, business-driven model views social entrepreneurship as the application of market-based strategies to achieve social missions.

3. Sociological and Social Capital Theories:

These theories examine how the broader social environment, culture, and community networks influence entrepreneurial behaviour.

4. Resource-Based Theory (RBV):

A framework that explains how organizations leverage unique, valuable and non-substitutable resources to create a sustainable competitive advantage.

Theoretical Perspectives on Social Entrepreneurship:

Social entrepreneurship has been gaining traction in recent years as a powerful way to address societal problems while creating sustainable value. But what drives social entrepreneurs? What theories can help us understand their motivations and strategies? In this blog, we will explore various theoretical perspectives on social entrepreneurship, providing a multi-dimensional understanding of this fascinating field.

One of the foundational theories in social entrepreneurship is the concept of adaptive societies, introduced by Gregory Dees. Dees argues that social entrepreneurs are crucial for the adaptability and resilience of societies. They identify gaps in existing systems, whether social, economic, or environmental, and develop innovative solutions to fill these gaps.

For instance, take the case of Selco India, a social enterprise that provides solar energy solutions to underserved communities. By identifying the inadequacies in rural electrification, Selco adapted to the needs of these communities, offering affordable and sustainable energy solutions. This adaptability not only solves immediate problems but also builds resilience for future challenges.

1. Tragedies of Disharmonization(Khanin):

Another perspective comes from VadimKhanin, who focuses on the tragedies of disharmonization. According to this theory, social entrepreneurs emerge in response to societal disharmonies or injustices. These disharmonies might be economic inequalities, social exclusion, or environmental degradation.

A notable example is the Barefoot College in Rajasthan, which empowers rural women by training them to become solar engineers. Here, the disharmony is the socio-economic marginalization of rural women. By addressing this issue, Barefoot College not only provides a livelihood but also fosters social inclusion and environmental sustainability.

2. Human Capital Theory (Becker, Santos):

The human capital theory, articulated by economists like Gary Becker and Filipe Santos, emphasizes the role of education, skills, and experience in social entrepreneurship. Essentially, the theory suggests that individuals with higher levels of human capital are more likely to become successful social entrepreneurs.

Consider the example of Araku Coffee, a collective of tribal farmers in Andhra Pradesh. The founders of this initiative brought in their expertise in agriculture, business, and social work to train the farmers in sustainable farming practices. The result? Araku Coffee has become a premium brand, providing a stable income to thousands of tribal families.

3. Resource-Based View (Barney):

The resource-based view (RBV) by Jay Barney posits that the key to a social enterprise's success lies in its unique resources and capabilities. These resources could be tangible, like financial capital, or intangible, like brand reputation or organizational culture.

An illustrative case is that of Goonj, a social enterprise that repurposes urban waste into useful products for rural communities. Goonj leverages its extensive network of volunteers and its unique approach to waste management as its key resources. These resources enable Goonj to address urban waste issues while providing essential items to rural communities.

4. Opportunity recognition and mobilisation (Desa, Murphy):

According to scholars like Desa and Murphy, the essence of social entrepreneurship lies in opportunity recognition and mobilisation. Social entrepreneurs are adept at identifying opportunities that others may overlook and mobilising resources to exploit these opportunities.

Take the example of the AkshayPatra Foundation, which runs the world's largest mid-day meal program in India. The founders recognized the dual opportunity of addressing child malnutrition and improving school attendance. By mobilising government support, corporate partnerships, and community volunteers, AkshayPatra has successfully scaled its operations to feed millions of children daily.

5. Business model (Gunzel & Krueger):

Finally, we have the business model theory by Gunzel and Krueger, which focuses on how social enterprises create, deliver, and capture value. A well-designed business model is crucial for the sustainability and scalability of social enterprises.

An exemplary business model can be seen in the operations of Amul, the dairy cooperative. Amul's model integrates millions of small dairy farmers into a cohesive supply chain, ensuring fair prices and quality control. This model has transformed the dairy industry in India, benefiting both producers and consumers.

Theories of social entrepreneurship explore how commercial strategies are used to solve social, cultural, and environmental issues. Key theoretical frameworks heavily detailed on blend business practices with a primary mission of generating sustainable social value rather than just profit.

Core theoretical frameworks surrounding social entrepreneurship include:

Schools of Thought: This categorizes social entrepreneurs into different typologies. Examples include the Social Enterprise School (using commercial ventures to fund social missions) and the Social Innovation School (focusing on systemic social transformation and catalytic change).

Institutional Theory:

Examines how social enterprises navigate, adapt to, and shape formal rules (laws, regulations) and informal norms (cultural beliefs) within their specific society.

Resource-Based View (RBV):

Focuses on how a social enterprise identifies, combines, and leverages its internal resources, capabilities, and social capital to achieve sustainable impact.

Stakeholder Theory:

Analyzes how social ventures create and manage complex networks of relationships—balancing the needs of marginalized communities, investors, employees, and the environment.

Triple Bottom Line (TBL):

A foundational framework evaluating an organization's success based on three interconnected dimensions: People, Planet, and Profit.

III. Conclusion:

Theories of entrepreneurship provide individuals with a basic foundation to establish and develop a potentially successful business or start-up company. They provide entrepreneurs with the necessary clarity and understanding they need to gradually develop their business, as well as their entrepreneurial abilities and characteristics. As numerous people start to become entrepreneurs and there is an increase in the creation of start-up companies and self-made businesses, many entrepreneurs will use these theories as a basis for their short and long-term success. These theoretical perspectives provide a comprehensive understanding of the various dimensions that drive social entrepreneurship. From adaptive societies and disharmonies to human capital, resources, opportunities, and business models, each theory offers unique insights into the motivations and strategies of social entrepreneurs. By exploring these perspectives, we can better appreciate the complexity and potential of social entrepreneurship in addressing societal challenges. Whether you are a budding social entrepreneur or simply interested in the field, understanding these theories can provide valuable guidance and inspiration.

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