

## **ENTREPRENEURSHIP AND CORPORATE SOCIAL RESPONSIBILITY: A DEVELOPING FIELD**

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### **ABSTRACT**

Corporate social responsibility and entrepreneurship share the goal of assessing social and economic issues in accordance with market needs in order to provide a solution that not only satisfies social expectations but also advances society as a whole. Entrepreneurs who own businesses that provide goods and services have a dual responsibility to solve social and economic issues, even though they should prioritize the former.

Through active engagement in investment endeavors that provide benefits for many stakeholders, people can achieve a certain degree of objective autonomy. Nonetheless, it is indisputable that corporate social responsibility, or CSR, has a significant impact on both businesses and the larger community. However, the effectiveness of this strategy depends on how easy it is for stakeholders and an organization's leadership team to communicate effectively. Even if the organization's main goal may not always be to maximize profits, the skills that the business founders held provide the essential basis for both the business model and the operational processes of the organization. On the other hand, its aim is to accomplish the objectives of creating a unique brand identity and supporting socially worthwhile causes. The intellectual and branding aspects of corporate social responsibility, or CSR for short, set it apart. This strategy definitely affects society by making the most of the chances that are already there.

**Keywords:** Entrepreneurship, Corporate Social Responsibility, Economic System, Financial Sustainability, Pyramid-Based Communities.

### **1. INTRODUCTION**

Due to the chances provided by capitalist marketplaces, commercial entrepreneurs have the opportunity to obtain a competitive edge. Through innovation, they can form novel combinations that upset the equilibrium of the market while creating new goods, markets, suppliers, and industries.<sup>1</sup> It is possible to describe their actions as studying socioeconomic trends, planning for the future, and attempting to carry out their vision. Entrepreneurs must address social and economic concerns simultaneously. However, their objective may be to achieve monetary autonomy through investments and the creation of wealth for stakeholders.<sup>2</sup>

The Harvard definition<sup>3</sup> of the concept of entrepreneurship prioritizes the attainment of economic success, specifically capital accumulation and economic wellbeing, over the various advantages associated with entrepreneurship. These advantages encompass job creation, social inclusion, interpersonal relationships, self-esteem, and the cultivation of human abilities, among other significant benefits. The level of governmental involvement in addressing social concerns has significantly diminished throughout time, whilst the significance of civil society in effecting social transformation has progressively amplified. Although corporate social responsibility benefits both businesses and society, it is still a voluntary practice that is implemented by companies only when they feel it is essential and is preferred by managers, owners, and shareholders.

### **2. ACCOUNTABILITY IN THE BUSINESS WORLD**

Once a state is created, its primary responsibility is to develop a society that guarantees everyone's right to human rights in terms of economic, social, and environmental arrangements, in addition to living conditions that are satisfactory, in order to guarantee the continuance of this society that spans several generations.<sup>4</sup>

The ideal state should demonstrate a commitment to social consciousness by enacting legislation and implementing policies that facilitate the supervision and surveillance of the existing administration, irrespective of the political affiliation of the state.

<sup>1</sup>Murray. R., Caulier-Grice , J., Mulgan G., The Young Foundation, 2010, The Open Book of Social Innovation.

<sup>2</sup> ID

<sup>3</sup> Carroll A. B., Academy of Management Review., A Three Dimensional Model of Corporate Performance vol. 4 (4), 1979, pp. 497-505

<sup>4</sup> ID

In the history of entrepreneurship, the concept of corporate social responsibility originated with the shareholder or owner, who was the only interest group. Because of their predatory reputation, the state countered this perception by imposing higher taxes, which in turn encouraged reckless behaviour.<sup>5</sup>

Based on the aforementioned, the main stakeholders are the government, the society/community, employees, suppliers, consumers, and shareholders and investors, all of whom are highly interdependent. Since their expectations and rights have an impact on the company's ability to survive, the entrepreneur is required to diligently strive towards enhancing value for the primary stakeholders. The organisation may fail as a result of a main stakeholder being ignored or not acknowledged.<sup>6</sup>

Even if they may not have as much of an influence as the primary groups, secondary stakeholder groups may disagree with the policies or programmes that an organisation implements in order to fulfil its obligations to its key stakeholders or to fulfil their requirements and expectations. This distinction between the many stakeholders .

### **3. THE MODEL OF CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The most well-known corporate social responsibility (CSR) model postulates that a company's social obligations are the financial, legal, moral, and charitable standards set by the community. The company's primary area of duty is economic, but it also has legal obligations. The responsibility to act in a just and truthful manner is known as ethical responsibility.<sup>7</sup>

The way the business owner conducts themselves as a decent citizen makes up the fourth category. Corporate social responsibility is comprised of the four responsibility tiers.<sup>8</sup> The Corporate Social Responsibility (CSR) model and the model that was compared both incorporate the idea of social responsibility as being accountable to a wide variety of stakeholders, including as owners, workers, customers, and people of the community in which the business is located. Both models demonstrate areas of convergence. The company needs to maintain a healthy balance between its financial obligations (self-interest) and its moral, legal, and charitable obligations (care for others).

### **4. COMMONALITIES AND DIFFERENCES**

Given the importance of the concepts of social entrepreneurship and corporate social responsibility, it is imperative to discern their respective parallels and distinctions. Sustainable development, corporate social responsibility, philanthropy, and inclusive business are discrete ideas that differ from social entrepreneurship. In the past, there existed a notable historical era whereby corporate philanthropy was closely linked to the ethical values upheld by entrepreneurs. Nevertheless, in contemporary times, it has undergone a transformation into an ethical framework that aids in the management of communal relationships from a perspective of equitable distribution. The aforementioned outcome is a consequence that can be attributed directly to the implementation of the Corporate Social obligation agenda, which functions to strengthen the concept of such obligation. Contrarily, sustainable development is closely interconnected with the comprehensive examination of environmental concerns over an extended period and the execution of changes that are currently gaining more understanding.<sup>9</sup>

While corporate philanthropy was originally regarded to be the entrepreneur's morality today, the current state of affairs may be attributed to the application of ethical reasoning, which upholds the objectives of corporate social responsibility and aids in the administration of community relationships from a distributive perspective. Meanwhile, sustainable development is inextricably linked to long-term environmental analysis and contributes to change as people recognise that the resources of a finite planet are the foundation of the economic system.<sup>10</sup>

The creation of social value in line with financial sustainability is what unites social entrepreneurship and corporate social responsibility, two initiatives that have moved away from the conventional notion of creating economic value

<sup>5</sup> ID

<sup>6</sup> Mort G., Weerawardena J., Carnegie K., n American Marketing Association Conference, "Social entrepreneurship towards conceptualization and measurement," Proceedings, 13, 5. 2002, p. 34.

<sup>7</sup> Carroll A. B. 1, Shabana K. M., International Journal of Management Reviews, 12(1), "The Business Case for Corporate Social Responsibility: A review of Concepts, Research and Practice," 2010, pp. 85– 105.

<sup>8</sup> <http://www.sigeneration.ca/home/resources/primer/>), December2015

<sup>9</sup> P Light, (2006). Reshaping social entrepreneurship. Stanford Social Innovation Review,, 46–51.

<sup>10</sup> P Light.,(2008). Search for Social Entrepreneurship. Washington, DC, USA: Brookings Institution Press, Retrieved from Pro Quest ebrary

and are focused exclusively on ensuring their own survival by creating social value as the centre of their businesses rather than as a byproduct.

On the other hand, there is a very thin line separating social entrepreneurship from corporate social responsibility in terms of the methods and the goal of producing value. Because of this, a socially conscious company owes it to the numerous stakeholders to explain the consequences of their interdependence and reciprocity and to provide opportunities for participation in decision-making.<sup>11</sup>

It is suggested that Corporate Social Responsibility (CSR) and Social Entrepreneurship (SE) are interconnected concepts that mutually enhance the development of a resilient and dignified social framework. This necessitates the implementation of various initiatives. The interrelated and recurring nature of addressing societal issues suggests that CSR and SE are interconnected concepts. The role that businesses play in advancing global sustainability within the context of the shifting framework is of critical importance. In order to build a parallel, it is feasible to draw a connection between businesses and the essential structure that supports the global economy. This analogy is comparable to the way that families are considered to be the foundation of society. Taking into consideration the critical role that businesses play in the functioning of the economy, it is imperative that they meticulously plan and make clear all of their upcoming undertakings.<sup>12</sup>

Social entrepreneurship, also known as corporate social responsibility, is a reaction to an unrestrained activity that has assisted in economic growth and development but, unfortunately, has not promoted the generation of social value since the industrial revolution. Environmental needs are met by both social entrepreneurship and corporate social responsibility. Social entrepreneurship is a business endeavour that is inspired by people's needs, and social entrepreneurs take use of these chances to improve people's quality of life. Social entrepreneurship is, in some ways, a corrective measure to development and economic progress, whereas corporate social responsibility is an activity to minimise the impacts of previously established entrepreneurial activities.

The term "corporate social responsibility" describes activities that are in line with the goals of an already-existing business. It is obvious that a corporate social responsibility act can assist in the launch of a social enterprise and can also have some bearing on business choices made in an effort to satisfy stakeholders. As a reaction to societal demands and expectations, social entrepreneurship should work with interest groups to identify the root causes of issues that affect the entire social structure and provide individuals with the resources and liberties they need to lead fulfilling lives.<sup>13</sup>

Social entrepreneurship and corporate social responsibility are two innovative approaches to human development, the latter supported by the skill and leadership of their management.

## 5. CONCLUSION

Policies relating to corporate social responsibility are used to acquire a competitive advantage rather than to achieve a single public aim. Businesses commonly employ a range of tactics based on their level of care for society and the environment. While all of these initiatives are admirable, they are only distantly related to social challenges. Where to draw the line between corporate social responsibility and social entrepreneurship is a widely discussed question. Many firms strive to maximise value for their owners by applying diverse social and environmental practises; however, this is not the primary purpose; the social mission also acts as a vehicle for profit generation. Instead of talking about social entrepreneurship, we should talk about corporate social responsibility. True, the company must prioritise achieving success.<sup>14</sup>

<sup>11</sup> R. Freeman. (1984). *Strategic Management: A stakeholder approach*. Boston, MA: Pitman.

<sup>12</sup> Holme, R., Wats, P. (2002). *Responsabilidad Social Corporativa: dandole un sentid empresarial*. World Business Council for Sustainable Development, Corporate Social Responsibility. Retrieved From <http://www.wbcsd.org/publications-and-tools.aspx>

<sup>13</sup> Friedman, M. (1962). Chapter VIII Monopoly and the Social Responsibility of Business and Labor. *Capitalism and Freedom* (pp.112-114) Chicago, USA: The University of Chicago. Retrieved from <https://docs.google.com/file/d/0BxgMqtna1BWDDlTENyAHNBYnc/edit?pli=1>

<sup>14</sup> James, Austin, Stevenson, and Jane Wei-Skillern. (2006). "Social and Commercial Entrepreneurship: Same, different and bots? Entrepreneurship Theory and Practice .