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Social Entrepreneurship & Social Capital: A Theoretical Analysis

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Abstract

The purpose of the present paper is to study the interaction between the two important concepts namely, "social capital" and "social entrepreneurship from a theoretical point of view. It calls attention to the significant discussion which illustrates how the prevailing positive impacts supporting the formation of social capital is essential for the framework in which entrepreneurship can take place. Also, successful social entrepreneurs are able to build a substantial stock of social capital through improvement and enrichments of its basic elements in promoting social capital. Although the actual causal relationship between the two concepts needs empirical verifications, however, from a theoretical analysis it is a fair and reasonable conclusion that there should be a two-way relationship and mutual impacts between the social capital and social entrepreneurship.

Keywords

Social Entrepreneurship, Social Capital, Theoretical Analysis, Causal Relationship

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1. Introduction

A social entrepreneur takes notice of a social problem or need, decides to passionately pursue it, creatively innovates new solutions and entrepreneurially addresses the issue through an organized 'business plan' approach, thus allowing the social entrepreneur to address the issue of sustainability of the social venture undertaken. Social entrepreneurs emphasizes social change instead of profits. Social entrepreneurship is both a concept and practice as implemented by social entrepreneurs. Trends from the beginning of the 21stcentury show social entrepreneurs have moved from their traditional philanthropic and charitable practices to find more effective and that sustainable solutions to social problems .

Most accounts of social capital rely predominantly on the importance of social interaction and voluntary association. The" main drivers of the creation of social capital are people and non-profit organizations that develop initiatives that contribute to the creation of employment and strengthening of social cohesion. The basic elements of social capital are trust; Reciprocity and Mutuality ;Formal and Informal Social Networks; Shared Norms of Behavior; Shared Commitment and Belonging. However, trust is generally agreed to be an essential aspect of social capital, maybe the most essential without which the other elements of social capital cannot be developed. Therefore it seems that the concepts of "social capital" and "social entrepreneurship" are integrated to each other.

The main purpose of the present paper is to study a two-way relationship between social capital and social entrepreneurship. Section 2 deals with the concept of social entrepreneurship and its features. In section 3 concept of social capital and its elements will be discussed. In section 4 the possible two- way relationship between social entrepreneurship and social capital will be investigated.

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Finally section 5 will discuss conclusions and suggestions.

2. The Concept & Features of Social Entrepreneurship

A relevant and valid definition of entrepreneurship on the level of business economics analysis is founded on research traditions that all point towards five elements: 1) individuals, who 2) carry out actions, which 3) imply innovation in relation to favorable opportunities and who 4) build an organization, which 5) involves risk, c.f. Churchill &Muzyka (1994:11). These five elements may be perceived as a common denominator for many of the scientific definitions of entrepreneurship on the level of analysis for business economics when entrepreneurship is seen as a process. However, this is not a universal definition. There is no scholarly consensus on what it is that entrepreneurs do when they are being entrepreneurial as seen in the followings:

Social entrepreneurs are driven by a desire for social justice. They seek a direct link between their actions and an improvement in the quality of life for the people with whom they work and those that they seek to serve. They aim to produce solutions which are sustainable financially, organizationally, socially and environmentally.(Thake and Zadek, 1997).Social entrepreneurs create social value through innovation and leveraging financial resources…for social, economic and community development.(Reis, 1999)(Kellogg Foundation), and (Dees, 1998).

Social Entrepreneurship is the creation of viable socio-economic structures, relations, institutions, organizations and practices that yield and sustain social benefits.(Fowler, 2000).

Individuals constantly looking for new ways to serve their constituencies and add value to existing services.(Brinkerhoff, 2001).

A multidimensional construct involving the expression of entrepreneurially virtuous behavior to achieve the social mission…the ability to recognize social value creating opportunities and key decision-making characteristics of innovation, pro-activeness and risk-taking. (Mort et al. 2002).

A major change agent, one whose core values centred on identifying, addressing and solving societal problems.(Drayton, 2002).

Creates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources and social arrangements required for social transformations. (Alford et al. 2004)

Entrepreneurs motivated by social objectives to instigate some form of new activity or venture.(Harding, 2004)

The work of community, voluntary and public organizations as well as private firms working for social rather than only profit objectives.(Shaw,2004).

A professional, innovative and sustainable approach to systematic change that resolves social market failures and grasps opportunities.(Said School,2005).

Applying practical, innovative and sustainable approaches to benefit society in general, with an emphasis on those who are marginalized and poor.(Schwab Foundation,2005)

The process of using entrepreneurial and business skills to create innovative approaches to social problems. “These non-profit and for profit ventures pursue the double bottom line of social impact and financial self-sustainability or profitability.”(NYU Stern,2005).

Making profits by innovation in the face of risk with the involvement of a segment of society and where all or part of the benefits accrue to that same segment of society.(Tan et al. 2005) …a process of creating value by combining resources in new ways…intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs.(Mair and Marti, 2006)

Social entrepreneurship is exercised where some person or group….aim(s) at creating social value…shows a capacity to recognize and take advantage of opportunities…employ innovation…accept an above average degree of risk…and are unusually resourceful …in pursuing their social venture.(Peredo and McLean,2006).

Social entrepreneurship is the: 1) identification a stable yet unjust equilibrium which the excludes, marginalizes or causes suffering to a group which lacks the means to transform the equilibrium; 2) identification of an opportunity and developing a new social value proposition to challenge the equilibrium.

and 3) forging a new, stable equilibrium to alleviate the suffering of the targeted group through imitation and creation of a stable ecosystem around the new equilibrium to ensure a better future for the group and society.(Martin and Osberg,2007).

A growing academic and practitioner community is now engaged in lively and hopefully, fruitful.

Debate on whether and how social entrepreneurship should be distinguished from entrepreneurship.

Generally, and why this may matter.(Zahra S. A. et al. 2009).

In order to compare the social and individual entrepreneurship the following features are important to be noted. While the main characteristics of individual entrepreneurship are: 1- Individuals.2-An action 3-Innovation and favourable opportunity.4- Risks may be taken the corresponding features for social entrepreneurship are : 1- A participant or an agent such as a network or a team. 2- A holistic process Societal innovations create . 3- Favourable opportunities . 4 - Uncertainty and risk.

Social entrepreneurs emphasizes social change instead of profits. They emerge as a reaction to businesses adopting a bottom-line oriented tendency to seek short-term profits at the cost of long-term benefits to society. Perhaps the most elaborate model of social entrepreneurship is that developed by Mort *et. al.* (2003). They argue that social entrepreneurship is a "multidimensional" construct formed by the intersection of a number of defining characteristics.

social entrepreneurship may call for quite different standards of evaluation when compared with standard forms of entrepreneurship. Second, if there is reason to believe that social entrepreneurship *is* a promising instrument for addressing social needs, it may call for added support in the form of legislation and other sorts of social policy. Third, it may well be that the mix of aptitudes and skills appropriate to successful pursuit of social entrepreneurship differs in significant ways from the mix relevant to success in entrepreneurship without the social component. Finally, social entrepreneurs exhibit in the social arena the risk-tolerance, innovativeness .

The notion of social entrepreneurship, and the manifest linkage between social entrepreneurship, social change and economic development attract increasing attention from scholars and policy-makers alike. A generally accepted definition of the concept and a conceptual framework in which it could be integrated are, however, still lacking. It is possible to distinguish two major approaches in the growing literature on social entrepreneurship; both emphasize the social desirability of the initiatives studied, though from slightly different angles:

1. Focusing on intentions and (successfully achieved) outcomes: "innovative efforts to solve persistent social problems of poverty and marginalization that, to some extent, have been successful in increasing their impact and catalyzing social transformation." (Alvord *et al.*, 2004:137);
2. Focusing on opportunities and needs, in an adaptation of Vyakaraman*etal.*'s (1997) approach to the realities of social enterprising. Social entrepreneurs thus are "People who realize where there is an opportunity to satisfy some unmet needs that the state welfare system will not or cannot meet and who pool the necessary resources (…) and use these to 'make a difference'". (Thompson *et al.*, 2000). While the activities of many social entrepreneurs *may* contribute to social policy goals, this is by far not true for all (cf. Baumol, 1990), and definitely not all of the time, since both society and social policy change over time.

The pursuit follows Schumpeterian view of entrepreneurship, which centers on the creation of new combinations of resources by discrete actors (1951). An enterprise is primarily a combination of resources, or, more precisely, of the "services" (*i.e.*, actual inputs) that can be extracted from those resources (Penrose, 1959/1995). Identifying these "extraction" possibilities, and (re)combining them in new configurations is the central function of the entrepreneur.

Any undertaking called into being by an act of social entrepreneurship has to meet the key requirements of: (1) core task/service provision to target populations; (2) financing/ resource mobilization *over time* (sustainability); indirectly, the second requirement presupposes; (3) mustering the support of a community, however defined. Innovation, a central element of entrepreneurship (cf. Schumpeter, 1951/1989), manifests itself in our case primarily through ingenuous ways of assembling and utilizing available resources to form enterprises, from unlikely elements and against all institutional odds.

Social entrepreneurship is an innovative approach for dealing with complex social problems (Johnson, 2000), where social entrepreneurs play the central role; they are the key to successful social entrepreneurship (Bornstein, 2007). In this context, Muhammad Yunus of the Grameen Bank in Bangladesh, Ella Bhat of the Self-Employed Women's Association (SEWA) in India, Bill Drayton of the Ashoka Foundation in the United States and MsMaathai of Green Belt in Kenya are some examples (Bornstein, 2007; Maathai, 1985; Yunus, 1998). These social entrepreneurs, through their innovative ideas, energy and steadfastness, created social value, solved social problems and brought many positive changes to the lives of the world's poor Some authors argue that social entrepreneurs not only create social value, they sustain value and bring positive social change (Nicholls & Cho, 2006). Their work brings about sustained change in the social, economic and political practices of disadvantaged groups, and they shift public attitudes toward weaker sections of society.

Alvord, Brown, & Christine (2004) used the term 'social transformation' instead of social change, and argued that social entrepreneurship is a catalyst for social transformation well beyond a targeted solution, and a mobilizer of social actors toward common goals. Social transformation consists of three types of change which social entrepreneurship is associated with: cultural, economic, and political.

In terms of cultural change, social entrepreneurship enhances villagers' capacity through training, altering the existing social norms, roles and the expectation of the village to improve the cultural context. In Bangladesh, the Bangladesh Rural Advancement Committee (BRAC) conducts training courses focusing on increasing villagers' capacity and belief in their own potential.

Social entrepreneurs are often viewed as business entrepreneurs with a social mission. Peter Drucker stated, "*the social entrepreneur changes the performance capacity of society*" (cited in Gendron 1996, p. 37). Twentieth-century growth economist, Schumpeter (1980) characterized the entrepreneur as the source of 'creative destruction' necessary for major economic advances. Changing activities for the betterment of society remains at the heart of their mission. They also use their social mission to satisfy unmet problems (Nicholls & Cho, 2006; Dees, 1998).

The concept of leadership characteristics of social entrepreneurs is still an important area of debate. Leadership is a process whereby an individual influences a group of individuals to achieve a common goal (Northouse, 2007, p. 3). Some studies observed leader as a part of the group who controls the group structure and processes (Bass, 1981), others observed they are not a part of the group that is being influenced or worked with. They acted as an outsider such as Mohammad Yunus of Grameen Bank (Yunus, 1998), Ella Bhatt of SEWA (Alvord et al., 2004), Bill Drayton of Ashoka foundation (Bornstein, 2007), Richard Mawson (Mawson, 2007) and other social entrepreneurs of Asian context (Hassan, 2005).

They work hard (Krishna et al., 1997), made sacrifices by leaving their employment, and some took a vow of celibacy, pledging to devote their entire life to the service of the rural poor (Krishna et al., 1997). These facilitative leaders were concerned with the work and family life of their staff, their values, and culture, their growth as individuals and professionals. The villagers respected them as their 'guru' or master and also loved them as senior family members. The use of entrepreneurial behavior for social ends rather than for profit objectives, or alternatively, that the profits generated from market activities are used for the benefit of a specific disadvantaged group.*(Kent* **,C** *and Lorraine P. Anderson.* 2014). Social entrepreneurship encompasses the activities and processes undertaken to discover, define and exploit opportunities in order to enhance social wealth by creating new venture or managing existing organizations in an innovative manner.

From the above discussion and findings, a common theme for the definitions of social entrepreneur and social entrepreneurship we suggest the following:

a. Social entrepreneur is an enterprising, visionary and an ultimate realist person who has noticed a need or needs in a community and applies entrepreneurial principles and skills using their creativity and innovativeness in generating business ideas and implement it for the remedy of social or community problems.

b. Social entrepreneurship is a process of social value creation, in meeting social needs or the needs of the people or the community or the nation by seeking and exploiting opportunities in order to create new ventures or innovate existing businesses.

3. Social Capital & Its Elements

Bourdieu and Wacquant (1997) define social capital as "the sum of the resources, actual or virtual, that accrue to an individual or group by virtue of processing a durable network of more or less institutionalized relationship of mutual acquaintance and recognition." Therefore, social capital is created by a network in which people, as agent, can broker connections between otherwise disconnected segments (Burt, 1992).

Social capital comes from a founder's social network (Tsai &Ghoshal 1998; Bornstein 2004). For instance, Bornstein (2004) describe that the networks make big differences in the process of social entrepreneurship. Although different social sciences emphasize different aspects of social capital, they tend to share the core idea "that s social networks have value". Just as a screwdriver (physical capital) or a university education (cultural capital or human capital) can increase productivity (both individual and collective), so do social contacts affect the productivity of individuals and groups.

The ability of actors to mobilize resources by virtue of their social affiliations is often referred to as social capital (Portes, 1998:6). Coleman (1987, 1988) suggested that a high level of reciprocal ties between members of a community and the presence of social norms facilitate action, and thus are conductive to higher economic achievement.

This generally positive ambience is labelled "social capital" by the author. Later work by Bourdieu and Wacquant (1992) and Portes and Sensenbrenner (1993) links social capital to individual (and household) achievement but elaborates the concept in divergent directions. Bourdieu and Wacquant (1992) speak about "a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" and the ways in which these are appropriated and drawn upon by individuals and groups in pursuit of their own ends, while Portes, and Portes and Sensenbrenner turn their attention to the social control aspect (through norms and configurations of social ties) of social capital, and the mechanisms through which it is attained2. Though Bourdieu emphasizes competition, while Portes.

The possibility of aggregating individual achievement into community welfare is indirectly allowed for by both Coleman's and Portes' approaches, and indirectly hinted at in the illustrations provided in their articles.

Putnam's (1993) seminal work *Making Democracy Work* played an important role in spreading the concept outside strictly academic circles, and into the domain of Portes and Sensenbrenner declare: "We begin by redefining social capital as those expectations for action within a collectively that affect the economic goals and goal-seeking of its members, even if these expectations are not oriented towards the economic sphere" (1993:1323). This definition differs from Coleman's, where the emphasis is on social structures facilitating individual rational pursuits. . Putnam's approach broadly follows Coleman's(rather than Bourdieu's) but the focus of research is shifted from diffuse "features of social organization, such as trust, norms and networks", to their formal (and, thus more readily measurable) manifestations, such as the proliferation of associations and voluntary organizations. The level of social capital in a given community is generally seen as enhancing economic welfare and civic governance. A claim is made to the effect that such findings may be generalizable across entire nations and regions.

The concept of social capital has in recent years become increasingly common in debates globally (OECD, World Bank) and across Europe about local economic and social development, social exclusion and the emerging third system and social economy. A definition used by the European Union in its Article 6 Local Social Capital programme describes it as - "features of social organization such as networks, norms and social trust that facilitate co-ordination and co-operation for mutual benefits'. Thus, the role of social capital in - "restoring social cohesion, reinforcing local networks and formal and informal groups which seek to facilitate integration of excluded persons into work and start-up businesses and co-operatives" - is increasingly recognized, especially in the development of intermediate organizations.

What is more, the "main drivers of the creation of social capital are people and non-profit organizations that develop initiatives that contribute to the creation of employment and strengthening of social cohesion". But how can we indicate that social capital has been created in such ways?

In recent years, the term social capital has also received much attention and interest from researchers and policy makers. Other studies found in its application to community life and its ability to reduce community problems, restore peace and economic development (Krishna, 2000), enhance production (Monireh,2011) and entrepreneurial characteristic (Damirchi, Shafai&Paknazar 2011; Doh1 & Edmund2011) and contribute to making governments more effective (Putnam, 1993;Woolcock & Narayan 2000; Portes, 1998). Social capital is commonly conceptualized as a societal resource that links citizens to each other and enables them to pursue their common objectives more effectively (Stolle, 2003).

Woolcock and Narayan (2000, p. 226) expressed the basic idea of social capital by saying, *"... a person's family, friends and associates constitutes an important asset, one that can be called on in crisis, enjoyed for its own sake, and leveraged for material gain"*. Putnam argued for the first time that it is a resource possessed or not possessed by communities only (DeFilippis, 2001).

Theorists have identified three types of social capital: bonding, bridging and linking. Bonding social capital is characterized by shared norms and values (Newton, 1997), and thick trust and dense networks (Putnam, 1993; Coleman, 1988), commonly found in families and close-knit groups. Bridging relationships indicate weak trust and thin networks that cut across different groups (Granovetter, 1973; Woolcock& Narayan, 2000; Lin, 2005; Massey, 1998; Portes, 1998). Linking social capital reflects the relationship of a community or group with groups of higher social order(Woolcock, 2001; Aldridge, Halpern, & Fitzpatrick, 2002).

Most accounts of social capital rely predominantly on the importance of social interaction and voluntary association (Stolle, 2003). Here, high levels of civic engagement of people in a variety of civil organizations play a crucial role for the betterment of governance and economic development. However, Porte (1998, p. 8) argued, *"....social capital stands for the ability of actors to secure benefits by virtue of membership in social networks or other social structures*". Onyx and Bullen (2000, p. 195) argued along the same line: *"The development of social capital requires the active and willing engagement of citizens working together within a participative community.*" This is social agency. Narayan (1995) referred to this as the organizational ability of the poor. The important elements of social capital could be categorized as the followings.

3.1. Trust

Trust is generally agreed to be an essential aspect of social capital, maybe the most essential without which the other elements of social capital cannot be developed. It was also generally agreed that trust is not something that can be taken for granted. It has to worked at and nurtured.

Trust can only develop and grow if people meet, talk and interact in networks. Thus the opportunities to meet through such networks, social events and the daily round are an essential prerequisite to the building of trust within an organization or community, and between an organization and other agencies.

3.2. Reciprocity and Mutuality

It should be emphasized that co-operation as one of its core values and as the key to survival in the contemporary economic climate: "adopting co-operation and/or joint work as an essential value is nothing less than a defensive answer in face of a global economic system which demands a steady increase in economic growth and particularly productivity".

This reinforces the characteristic of reciprocity described in the early project reports (CONSCISE, 2000a, 2000b) which refers to *"balanced"* and *"generalized"* reciprocity – the former being a favor for a favor while the latter refers to favors given without any certainty of when they will be repaid or who within the given "community" will 'repay' them.

Reciprocal help is more likely to occur between organizations that already know and trust each other and this, of course, means that there are individuals in the organizations who know and trust each other.

3.3. Formal and Informal Social Networks

Networks, formal and informal, are recognized as being essential to the building of social capital and social enterprises invest considerably, some more than others, in building contacts.It is clear that trust grows and to know one another." In other words the networking of the social enterprise was expressly used to benefit others.

3.4. Shared Norms of Behavior

The definition of social capital refers to "norms of behavior". This was often regarded as "values" that can be held by individuals or organizations. It was felt that the values held actually govern the behavioral norms and in the course of the research the distinction became blurred.

The research confirmed that values are a key element in social capital in that people who share similar values may more easily develop relationships of trust faster and be more willing to work together: "…trust cannot be expected to appear easily when there is not a system of common or shared values and a sense of commitment and belonging".

Through engaging with the social accounting and audit process and with the exploration of social capital the social enterprises became more aware of their values and the crucial role they may play in strengthening social capital. The need to be clear about values and to express them becomes therefore an important issue.

It was less certain whether values belong to an organization or to the people within the organization. There was a general emerging view that shared values "may be at the very core of social capital" and that "other elements of social capital are in part dependent upon the shared values….the reputation of the organization is based on its shared values".

3.5. Shared Commitment and Belonging

The sense of belonging to an area and consequently being committed to it, also emerged as important features of social capital and were particularly noted in the social capital scoping studies completed as part of the social accounting fieldwork, which explored the role social capital may have played in the formation of the social enterprises. "Historically, social capital was very important in the initial stages of the enterprise's development – it was built up entirely on volunteer labor driven by shared values and commitment to a common goal and facilitated through effective networking and shared communication and information channels."

The other side of the sense of belonging 'coin' for social enterprises is that of accountability to the local community: they belong to it and so they must be accountable to it. In this context the social accounting process has a key role to play. These points seem to reinforce the notion that obtaining and using information are *tools* with which to build social capital rather than an integral element of social capital. Social enterprises are likely to adopt a culture of sharing information as part of the networking role with other social enterprises.

4. A Two Way Relationship between Social Capital & Social Entrepreneurship

Dees et al. (2002) believe that social entrepreneur should focus on the network relationships because these relationships are needed for entrepreneurial performance and to create innovative arrangements to deal with the social problems. Furthermore, Leadbeater (1997) argued that social capital that exists in a social entrepreneur's network is fundamental to social entrepreneurship activities. Social entrepreneurs must build successful partnership with major companies and establish collaborations with relevant stakeholders. In other words, social entrepreneur's network has a major influence on their entrepreneurial performance. We resort to the concept of social capital, somewhat in Coleman's (1988) spirit, as a convenient shorthand label for the stock of social ties that make up a community, and "an aid towards making the micro-to-macro transition without elaborating the social structural details through which it occurs" (1988:S101). In their influential paper, Nahapiet and Ghoshal (1998) suggest that social capital has three distinct dimensions: structural, relational and cognitive which are very crucial to social entrepreneur. The importance of social capital to entrepreneurs is increasingly acknowledged in the literature (Anderson and Miller, 2003; Myint*et al*, 2005; Ullhoi, 2005; Yli-Renko*et a*l, 2001).

Thus far, it is proposed that social capital is related to social entrepreneurship. It is further proposed, in a similar fashion, that the strength of the relationship will be moderated by the desirability and feasibility of the social entrepreneur in the decision-making process. Social entrepreneurship primarily pursues the improvement of social value. Therefore, social entrepreneurs face difficulty when they attempt to raise fund through financial and capital markets.

When social entrepreneurs with a high degree of cognitive desirability and feasibility perceive they have high level of social capital, they will conclude that they have the capacity to mobilize the necessary resource to start social ventures, which also strengthen their commitment to social entrepreneurship activities. In other words, the desirability and feasibility of the social entrepreneur in the decision-making-process has the moderation effect on the relationship between the social capital and social entrepreneurship. Studies are also beginning to emerge which examine the links between cognitive social capital and entrepreneurship (Liao and Welsch, 2005). In the literature, a clear distinction is made between different levels of entrepreneurial learning and the effective transformation of experience (Corbett, 2005). Furthermore, interaction with other people (where entrepreneurs reflect on their experiences from networks) develops co-operation for higher level learning (Söderling, 2003). Earlier network studies (Larson and Starr, 1993) do not consider the prerequisites for learning which shape the various stages of the entrepreneurial process.

Early contributors to this literature were content to introduce social capital and then to portray its previously unacknowledged contribution to entrepreneurship (Allen, 2000, p. 490; Burt, 2003; Light, 1972). On this conventional view, social capital involves relationships of trust and reciprocity that inhere in social networks(Halpern, 2005: chaps. 1–2; McEvily& Marcus, 2005; Mustafa & Chen, 2010; Ostrom, 2009; Slotte-Kock&Coviello, 2010, p. 33)

The contribution of social capital to social entrepreneurship, understood broadly as self-employment in business, is "the assets that may be mobilized" through networks, thanks to mutual trust and the norm of reciprocity (Galbraith, Rodriguez, & Stiles, 2007, p. 18; Nahapiet, 2009, p. 208).

However, more recent approaches to social capital have complained that too much social capital squelches entrepreneurship whether because it protects mediocrities (Light, 1972), reduces objectivity (Locke, 1999), imposes mental conformity on whole groups(Aldrich & Kim, 2007, p. 160; Dana & Morris, 2007), or inhibits escape from failing allies and partners (Adler & Kwon, 2002).

What is essential here, however, is only the recognition that a trust-based capacity for any form of reciprocity conveys a huge advantage for economic action in general and entrepreneurship in particular. The asset flows along the network promote entrepreneurial success, both domestic (Uzzi, 1996) and international (Terjesen& Elam, 2009).

This debate has raised the question of when social capital is a catalyst, when an obstacle,

and when unrelated to social entrepreneurship. Entering this debate, we explore both the pro and the con argument regarding social capital, concluding that both sides require specification. On the pro side, we address the frequent claim that resources born of social capital enable and enhance the entrepreneurship of groups endowed with social capital. This claim now approaches confirmation in the research literature, which has justly celebrated the contribution of social capital to social entrepreneurship. On the negative side of this debate, we evaluate the frequently encountered claim that the social capital of powerful groups obstructs the entrepreneurship of less powerful groups (Adler & Kwon, 2002, p. 31; also Crow, 2004, p. 12). Again, that generalization usually holds true. That conceded, circumstances exist in which the social capital of the powerful does not prevent entrepreneurship by subordinates. The historical literature on middleman minorities makes that point. Additionally, if subordinate groups bridge to dominant groups, then the social capital of the dominant group may support (rather than obstruct) the entrepreneurship of the subordinates. The empirical issue becomes how often the bridges mitigate the barrier posed to subordinate groups by the social capital of the powerful.

After all, conventional circumstances are not universal circumstances. Under some circumstances, even given the availability of within-group (bonding) social capital, ethno religious or ethno-racial groups are sharply distinct and unequal in respect to tangible economic resources, intergroup bridges are few or non existent, and cultural capital does not support entrepreneurship. Under these circumstances, common in the world of indigenous minorities,3 social capital does not produce entrepreneurship, which suggests that social capital's beneficent effect is not what Klyver, Hindle and Meyer (2008, p. 344) call) call a "simple universal. "We acknowledge the advantages for social entrepreneurship that social capital conveys in the developed world's cultural orbit (Halpern, 2005, chaps. 1–2; McEvily& Marcus, 2005; Mustafa & Chen, 2010; Slotte-

Kock&Coviello, 2010, p. 33).

Social capital normally appears in the developed world in tandem with supportive cultural capital. Under these circumstances, some readers and reviewers might assign to social capital all the credit for promoting entrepreneurship—at the risk of ignoring its indispensable partner. Hence, claims of social capital's advantageousness for entrepreneurship are overstated. The most sophisticated theoretical treatments of social capital warn against this mistake without, however, drawing out the methodological implications for research. Adler and Kwon (2002, p. 33) warn that "norms and beliefs figure in the analysis of social capital," a caveat that suggests an intervening cultural variable needed to bring social capital to entrepreneurial fruition. Similarly, Edelman,Bresnen, Newell, Scarborough, and Swan (2004, p. 67) and Lee and Jones (2008, p. 60) introduce the concept of "cognitive social capital" in an attempt to introduce a cultural dimension into the concept. Although this definition accesses a cognitive dimension in decision making, it conflates social capital and cultural capital, which Bourdieu (1979b, 1986) firmly distinguished. In the interest of reducing conceptual clutter, we prefer Bourdieu's (1979a, 1979b; Weininger, 2003) older distinction between social capital and *cultural capital*.

Another approach regarding the negative side of the social capital debate, could be addressed by the so-called suppression hypothesis. The suppression hypothesis proposes that the social capital of powerful groups locks subordinate groups out of entrepreneurship (Adler & Kwon, 2002, p. 31; also Crow, 2004, p. 12).

Whatever impulse compels them to create their social venture, each social entrepreneur must mobilize resources to achieve her objectives. This often requires bridging gaps across countries, organizations, industries, and societal sectors. Social capital enables the social entrepreneur to facilitate this brokerage by tapping the resources of her social network. While their stocks of financial and human capital may be largely fixed when they launch their venture, we posit that their social capital is malleable on application and regenerative through use. The way social capital is deployed and the value it can create, then, become key factors in navigating the rough waters of social entrepreneurship.

For some aspiring social entrepreneurs, typically those launching second careers, the social credits built over years among industry peers, acquaintances, and key influencers become a superlative asset, perhaps more valuable than other forms of capital. Not only is the network itself extended, but it is based in business and therefore can access a rich set of economic resources, mobilizing them in new and creative ways. While these social entrepreneurs face the particular challenge of putting their social capital to use in an entirely new context, they also have extraordinary potential to create the value they seek in the world. Maurer &Ebers (2006) note that an entrepreneur's social capital is an asset that provides information and learning, increases legitimacy, and coordinates benefits. The application of social capital by the entrepreneur influences innovation capacities, particularly as it relates to boundary spanning activities (Subramaniam&Youndt, 2005), and especially as regards radical innovation (Dewar & Dutton, 1986). Social capital, then, is a resource that can be mobilized to achieve ends that would otherwise be difficult or even impossible to reach.

As resource needs get larger with new venture growth, when the needs are disparate, or when the path ahead is not well established, entrepreneurs can look to *bridging* social capital to generate the resources needed to grow and survive. Under such conditions, more diffuse and diverse networks rich in structural holes provide critical advantage. Networks of this type create opportunities for mediating the flow of information between disconnected groups (Burt, 1992). For instance, Batjargal (2007) found that more successful entrepreneurs used social networking strategies and tactics that emphasized forming ties to individuals outside of their existing cliques in order to create brokerage opportunities. The bridging social capital deployment of social entrepreneurs brings an informative perspective not only to entrepreneurship but to social network research more generally.

There are limited studies that highlight social entrepreneurs' influence on social capital production.

An increasingly sophisticated scholarship on social capital in the social sciences offers a structural perspective on the firm, its players, their communities, and their interactions. Yet, with few exceptions (notablyStam&Elfring, 2008), Burt's (2000) observation that the field of entrepreneurship "remains virtually un-touched by theory and empirical research on the network forms of social capital" (Burt,2000:372) remains accurate. We believe that theoretical extensions on the process and content of social capital creation are suggested in regard to the practice of social entrepreneurship given its core objective - radical innovation for social welfare enhancement.

As discussed above, factors at the individual level are important for social entrepreneurship activities. Besides, the organizational factors in social ventures such as capital, organizational structure, composition of top management team and stability and utilization of social networks also have great effect on operations of social entrepreneurship activities (Tsai &Ghoshal1998). All these factors can be included into social capital of social entrepreneur.

5. Discussion, Conclusions & Suggestions

Our theoretical critique of the social capital literature has turned up conceptual problems that require specification on both sides of the debate. The business literature has been content to address the contribution of social capital to entrepreneurship in cultural contexts that support entrepreneurship. This methodological limitation has obscured the supporting role of cultural capital as well as the suppression hypothesis. If a group's cultural capital does not support and endorse the selection of entrepreneurship as a vocation, then the group's strong social capital will not encourage entrepreneurship of group members.

However, to facilitate entrepreneurship specifically, social capital requires supportive cultural capital that directs the social capital toward a particular vocational goal, entrepreneurship. Every culture does not value entrepreneurship, and social capital will not transpose into entrepreneurship where entrepreneurship is not valued.

We also see significant potential in further investigation of the role of the social entrepreneur as social enterprise founder. From a social capital perspective, the relationships and network brought to work by the founder are not apparently transferable. In addition, we see another implication for the role of the social entrepreneur in terms of her key activities, both symbolic and operational. If social capital is transmutable and/or transferable, or is concomitantly created by individual and organization, we wonder to what extent the founder must prioritize the task of boundary span across organizations and bonding in her own, to create new ways of thinking.

Therefore it is proposed that from a theoretical analysis the reasonable discussion regarding the relationship between the social capital and social entrepreneurship would be that of two-ways relation. Further studies are needed to employ empirical and statistical analysis to support and verify the theoretical analysis.

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