



Journal Homepage: -[www.journalijar.com](http://www.journalijar.com)

## INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)

Article DOI:10.21474/IJAR01/10994

DOI URL: <http://dx.doi.org/10.21474/IJAR01/10994>



### RESEARCH ARTICLE

#### MAPPING THE ROLE OF SOCIAL ENTREPRENEURS IN ECONOMIC GROWTH OF SULTANATE OF OMAN

Subrahmanian Muthuraman, Mohammed Al Haziati, Rengarajan Veerasamy and Nasser Al Yahyaei  
Faculty Members, Faculty of Business Studies, Arab Open University, Muscat, Sultanate of Oman.

#### Manuscript Info

##### Manuscript History

Received: 14 March 2020

Final Accepted: 16 April 2020

Published: May 2020

##### Key words:-

Social Entrepreneurship, Economic Growth, Sustainability, Innovation, Societal Challenges

#### Abstract

Entrepreneurship has captured the attention of the world due to its significant impact on economic development and job creation. Today the world faces a lot of societal challenges in the economic, social, and environmental spheres that need to be overcome. Social entrepreneurship is fundamentally about finding novel solutions to complex social problems. Social entrepreneurs who recognize all the challenges as opportunities that can be exploited in both a profitable and sustainable manner. The purpose of this paper is to understand the role of social entrepreneurs in the economic growth of the Sultanate of Oman. The paper is built on the analysis and synthesis of scientific literature which enables us to describe the phenomenon of social entrepreneurship and its initiatives. The main variables based on the theoretical analysis were identified and discussed. Social entrepreneurship has huge potential in Oman, as the country is seeking to boost the role of the private sector in the economy. Social Entrepreneurs in Oman can add a new perspective and open new ways to face the challenges. There is a great scope for social enterprise to create value-added in Oman as entrepreneurs fill gaps and niches that benefits society. As Oman positions SME development part of its national agenda, it is paramount to equip the country with the know-how and tools of social entrepreneurship skills which pave way for sustainable development where both economic and social impact is generated for the country.

Copy Right, IJAR, 2020,. All rights reserved.

#### Introduction:-

Entrepreneurship plays a vital role in the socio-economic development of the countries. Entrepreneurs are massively participating in all major economies of the world. One of the major reasons why many countries promote entrepreneurship is because of its ability to boost economic systems (Chipeta, 2015). The Entrepreneur is an individual who acknowledges the challenging role to fulfill the peculiar necessities and makes themselves an economically self-sufficient person. Entrepreneurs investigate new paths and opportunities for contributing to economic development. The innovative activity of entrepreneurs creates a constant destructive process on the equilibrium of the economic system that creates opportunities for economic rent (Schumpeter, 1942). Subrahmanian (2011) emphasized that entrepreneurs are the important part of any nation's population and for its economic development.

**Corresponding Author:- Subrahmanian Muthuraman**

Address:- Assistant Professor, Faculty of Business Studies, Arab Open University, Muscat, Sultanate of Oman.

Firstly, entrepreneurship improves the number and quality of employment in economies. Secondly, entrepreneurship brings about innovation, which is new ways of production as well as the production of new and improved products. Thirdly, entrepreneurship enhances productivity and growth in terms of the country's gross domestic production (GDP). Lastly, the individuals' utility levels improve in an entrepreneurial environment as the entrepreneurs' expected outcomes are higher with respect to the risk involved in the process.

Social Entrepreneurship as an emerging field has been receiving a lot of attention. Social entrepreneurship has been a topic of academic inquiry for nearly two decades (Chipeta, 2015). Research on social entrepreneurship has sparked a responsive chord among researchers worldwide (Hoogendoorn et al., 2010). Some researchers (Mair & Naboa, 2003; Martin & Osberg, 2007) have defined the concept as a way of bringing about social change to society. However, despite variations in describing the concept, social entrepreneurship continues to be a growing area of research that receives substantial research attention among scholars worldwide (Zahra et al., 2009).

### **Social Entrepreneurs:**

Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems and they set up social enterprises, which are not profit-driven and drive a positive change in society. The social entrepreneur identifies a problem in society and afterward creates an organization that is trying to solve the problem (Abdu and Johansson, 2009). They are profit if any is reinvested into the social objectives of the organization, and thus there is no capital gain for owners or shareholders because they act upon the general public's interests. The GEM report revealed that 3.2 percent of the work population consisted of social entrepreneurs (Chipeta, 2015).

### **Social Enterprise:**

Dees (1998) Social enterprises are private organizations dedicated to solving social problems, serving the disadvantaged, and providing socially important goods that were not, in their judgment, adequately provided by public agencies or private markets. These organizations have pursued goals that could not be measured simply by profit generation, market penetration, or voter support.

### **Importance of Social Entrepreneurship:**

Social entrepreneurship is an important business concept that aims at providing innovative solutions to unsolved social problems while putting social value creation at the heart of the strategy to improve individuals' lives and improve their wellbeing (Chipeta, 2015). However social entrepreneurship has consistently been commended as the alternative process of providing much needed social goods and services to society at large, and the social entrepreneur is known to be the agent of change behind these developments (Harding & Crowling, 2006). Social entrepreneurship has been noted to be one important strategy for social change, it is necessary to understand how the desire to start a business with a social mission gets formed (Mair & Naboa, 2003). Social entrepreneurship can be interpreted and has been addressed in many different ways. However, the existing definitions of this phenomenon and notion are, overall, based on the following three characteristics: 1) Social entrepreneurship addresses social problems or needs that are unmet by private markets or governments. 2) Social entrepreneurship is motivated primarily by social benefit. 3) Social entrepreneurship generally works with – not against – market forces (Brooks, 2008).

### **Problem Statement:**

Social Entrepreneurs are visionaries who try to bring positive changes in society by applying their innovative ideas and strategies to solve the complex problems faced by the society therein bring economic growth. The social entrepreneurs develop ideas and solution to the existing social problems and issues faced by the society, they try to solve by changing the mindset of human capital and thereby bringing changes to empower the society. Social entrepreneurs are change agents who thrive to bring the positive changes in the society there in achieving economic transformation which in turn leads to the economic growth of the county. Dees (1998) characterized social entrepreneurs as a rare breed. It is argued that social entrepreneurs are people with exceptional inherent behaviour. It is further argued that not everyone should aspire to be a social entrepreneur because the desire to become one is special in certain people.

Social entrepreneurs who recognize all the challenges as opportunities that can be exploited in both profitable and sustainable manner. Social entrepreneurship has in this way emerged as an interesting phenomenon and a new area in entrepreneurship research (Abdu and Johansson, 2009). Nagler (2007) strongly suggest that social entrepreneurship contributes toward economic development policies. It is high time in the Sultanate of Oman to

understand the role of social entrepreneurs in the economic growth of the country. The social enterprise needs to focus on the growth strategy that will enhance the economic growth of the country.

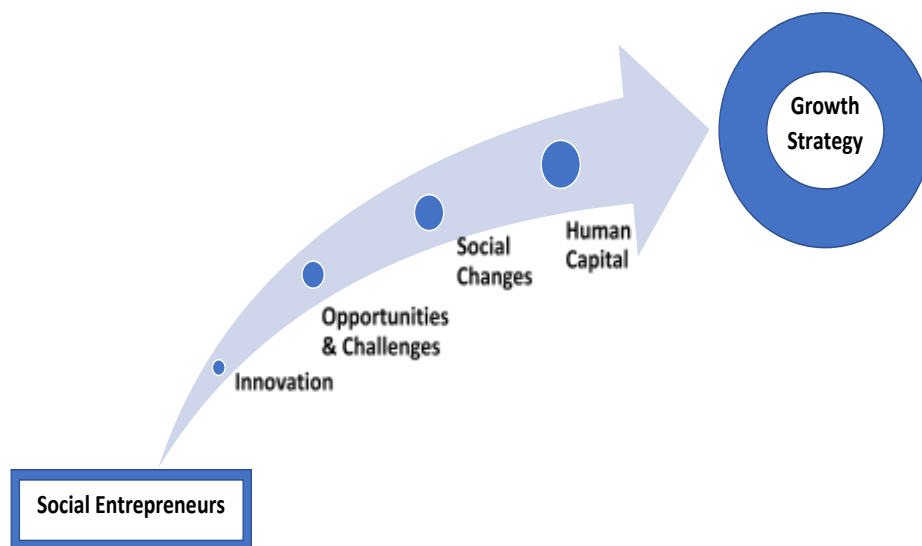
#### **Purpose:**

The purpose of this paper is to understand the role of social entrepreneurs in the economic growth of the Sultanate of Oman.

#### **Methodology:-**

The paper is built on the analysis and synthesis of scientific literature which enables us to describe the phenomenon of social entrepreneurship and its initiatives. Literature analysis was conducted and based on the result a theoretical framework was proposed for further research. The conceptual model is build based on the input-process-output logic model. The Main variables based on the theoretical analysis were identified. Input are contextual factors, entrepreneurs; processes are innovation, opportunities, challenges, social changes, and human capital; and output that arises from the input and processes are benefits created by the activities such as growth strategies for the economic development of the country.

#### **Theoretical Model:**



#### **Literature Review:-**

In literature, there is a discussion about the role of social entrepreneurs in economic development under the circumstances of growing uncertainty in the global economy. the definition of a traditional enterprise and a social enterprise may overlap in developing countries, whereas they can be more distinct in developed countries. However, the conclusion can be made that social entrepreneurs perform a similar function in the social economy as business entrepreneurs (e.g. they drive and shape innovation, they speed up structural changes in the economy, and they introduce new competition, thereby contributing to productivity), while at the same time filling gaps in social needs that are left unfilled or poorly addressed by both business and governments. (Pušnik, et al, 2011).

It is believed that since social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximize profit for shareholders and owners, social entrepreneur is someone who makes social change. Social entrepreneur challenges the status quo and our conventional thinking about what is the main objective of a company and entrepreneur's motive to start one (Pušnik, et al, 2011).

According to Schumpeter (1934), innovation means to look at things in a new way. There will be no transformation without an innovation mindset. For the economy to be developed and sustained, the people in the

country need to think in new ways and cannot stick to the patterns of the past. According to Dees (1998), social and business entrepreneurs recognize and relentlessly pursue opportunities for the creation of (social) value. This recognition and development of opportunities play important roles in leading to the creation of a new venture: 'Identifying and selecting the right opportunities for new businesses are among the most important abilities of a successful entrepreneur' (Ardichvili, Cardozo & Ray 2003:106).

Social Entrepreneurs make fundamental social changes in the way things are done in the social sector. Their visions are bold. They attack the underlying causes of problems, rather than simply treating symptoms. They often reduce needs rather than just meeting them. They seek to create systemic changes and sustainable improvements (Dees, 1998). In social ventures, however, the versatility of human resources both at managerial and operational levels often goes beyond the norms we observe in for-profit organizations. Because social ventures usually operate under resource scarcities and in environments with weak institutions (e.g., physical, technological, legal, economic, and educational infrastructures), their human resources often demonstrate increased flexibility, rapid knowledge and skill acquisition, creativity, entrepreneurial drive and energy, and strong intrinsic motivation (Miller, Grimes, McMullen, & Vogus, 2012).

The Social Enterprise strategy for bolstering local economies is premised on the achievement of providing developmental business access for small, micro and medium enterprises in the context of infrastructure development, promoting and developing social entrepreneurship through focused technical and managerial support, facilitating employment opportunities and undertaking skills development to improve entrepreneurial ability and socio-economic empowerment and collaborating with Government to share knowledge addressing complex problems faced by the society.

### **Discussion:-**

We explored from Global Entrepreneurship Monitor (GEM) report that the prevalence and characteristics of social entrepreneurs, and the association between social entrepreneurship and beliefs about the role social entrepreneurs has been playing in solving social, environmental and community problems in many countries (Pušnik, et al, 2011). The paper provides conceptual model of the social entrepreneurship development initiatives connects contextual factors such as social entrepreneurs, innovation, opportunities, challenges, social changes and human capital and result as the growth strategy for the nation-building.

The process of social entrepreneurship initiative development covers several stages: context, processes and, results. The importance of context was analyzed by Grimes, McMullen, Vogus, & Miller (2013), who stated that first of all, it is necessary to explore the environment and conditions that provide opportunities to address social problems by social entrepreneurship initiatives. The role of a social entrepreneur in social entrepreneurship initiative development was highlighted by Zahra, Gedajlovic, Neubaum, & Shulman, (2009). They argue that social entrepreneurs create a significant impact on their communities by using business models they provide solutions for difficult and complex social problems. This is how shared value is created, that consists of both social and economic value.

Social entrepreneurship has huge potential in Oman, as the country is seeking to boost the role of the private sector in the economy. There is great potential in social entrepreneurship for bridging the gap by making sure that the Government encouraging enterprises to think about sustainability (Erik Prins, 2016). Bessant & Tidd (2011) in the process of social entrepreneurship highlights: the objective of social responsibility; possession of vision; opportunity identification, which can be both conscious and unconscious; the search for support to implement changes and the importance of risk management.

When analyzing the social entrepreneurship initiatives development process it is necessary to highlight the social entrepreneur - the importance of his personality; his understanding of the social problem, activities organization; his ability to solve problems in a sustainable approach, to use different sources of information and under certain environmental conditions to start social entrepreneurship initiative. As well as highlighting the social value combined with a sustainable economic model and that all stages of the process are taking place in a certain context (Sekliuckiene & Kisielius, 2015). Social entrepreneurship initiatives development process starts with the operation of pro-active relationships with various stakeholders and is led by the vision, that social entrepreneur sees clearly and works purposefully to achieve social value creation and successful transfer of initiative to other markets (Sekliuckiene & Kisielius, 2015).

As Oman positions SME development part of its national agenda, it is paramount to equip the country with the know-how and tools of social entrepreneurship skills which pave way for sustainable development where both economic and social impact is generated for the country. It is very much important to enabling youth and entrepreneurs to innovate in social entrepreneurship in Oman. The increase of social enterprises in Oman is a positive and necessary trend, as societal transformation grapples with various needs and wants. Seelos and Mair (2005, 243) argued, the lack of theory of social enterprise may be a barrier to the full recognition and more focused support that might be needed to enable social enterprise's initiative to grow to a scale where they can make a substantial contribution for the economic growth of the country.

### Conclusion:-

The analysis provided in this paper can help to create the effective social entrepreneurship initiatives process and encourage them to start new initiatives in the Sultanate of Oman. The theoretical implications could be useful for national governments, local authorities, policymakers as the proposed framework could contribute to creating more appropriate conditions for the development of social entrepreneurship initiatives. The paper provides a conceptual model of the social entrepreneurship development initiatives, which connects contextual and entrepreneurial individual factors, social opportunities recognition factors, and results as nascent values from the social entrepreneurship development process. The results of the literature analysis will show that social entrepreneurs play a crucial role in the social entrepreneurship initiatives development process which will develop a new growth strategy, in turn, will result in the economic growth of the Sultanate of Oman. The conceptual model can further go into deeper research to accelerate the role of social entrepreneurs towards the economic growth of the Sultanate of Oman.

### Acknowledgement:-

This paper is the partial outcome of the project titled "SME & Economic Development in Sultanate of Oman" ID: BFP/RGP/HER/18/126 funded by The Research Council (TRC), Sultanate of Oman

### Reference:-

1. Abdu, A. and Johansson, E., 2009. Social Entrepreneurship: A Case Study of SIFE Umeå University.
2. Ardichvili, A., Cardozo, R. & Ray, S., 2003, 'The theory of entrepreneurial opportunity identification and development', *Journal of Business Venturing* 18(1), 105–123.
3. Bessant, J., & Tidd, J. (2011). *Innovation and Entrepreneurship*. Chichester: Wiley.
4. Brooks, A. C. 2008. *Social Entrepreneurship*. Upper Saddle River, New Jersey: Pearson Education. pp. 4-5
5. Chipeta, E. M., 2015. *Social Entrepreneurship Intentions Among University Students*, South Africa: North-West University.
6. Dees, J.G. 1998. The meaning of social entrepreneurship. Comments and suggestions contributed from the Social Entrepreneurship Funders Working Group. <http://www.redalmarza.cl/ing/pdf/The meaning of Social entrepreneurship.pdf>.
7. Erik Prins, 2016. Social entrepreneurship has huge potential in Oman. *Times of Oman*, 1 April.
8. Grimes, M. G., McMullen, J. S., Vogus, T. J., & Miller, T. L. (2013). Studying the Origins of Social Entrepreneurship: Compassion and the Role of Embedded Agency. *Academy of Management Review*, 38, 460-463. doi:10.5465/amr.2012.0429
9. Harding, R. & Cowling, M. 2006. *Social Entrepreneurship Monitor*. London: Global Entrepreneurship Monitor.
10. Hoogendoorn, B., Pennings, E. & Thurik, R. 2010. What do we know about social entrepreneurship: An analysis of empirical research. [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1462018](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1462018).
11. Mair, J. & Noboa, E. 2003. *Social entrepreneurship: how intentions to create a social enterprise get formed*. Barcelona: IESE Business School Working Paper: No 521.
12. Martin, R.L. & Osberg, S. 2007. Social entrepreneurship: The case for definition. *Stanford Social Innovation Review*, 5(2):28-39.
13. Miller, T.L., Grimes, M.G., McMullen, J.S., & Vogus, J.J. 2012. Venturing for others with heart and head: How compassion encourages social entrepreneurship. *Academy of Management Review*, 37(4): 616–640.
14. Nagler, J. 2007. *Is Social Entrepreneurship Important for Economic Development Policies*. Sydney: University of New South Wales.

15. Pušnik, K., Tominc, P. and Rebernik, M. (2011) 'Is a Social Entrepreneur One of the Possible Responses to the Growing Uncertainty in the Global Economy?', Proceedings of the International Scientific Conference, Juraj Dobrila University of Pula, Department of Economics & Tourism 'Dr. Mijo Mirkovic', pp. 476–502.
16. Sekliuckiene, J. and Kisielius, E., 2015. Development of social entrepreneurship initiatives: a theoretical framework. *Procedia-Social and Behavioral Sciences*, 213, pp.1015-1019.
17. Schumpeter, J.A., 1934, *Theory of economic development*, 2nd edn., Harvard University Press, Cambridge, MA.
18. Schumpeter, J.A., 1942. *Capitalism, Socialism and Democracy*, New York: Harper and Row
19. Seelos, C., Mair, J. (2005): Social entrepreneurship: creating new business models to serve the poor. *Business Horizons* 48: 241-246
20. Subrahmanian, M. 2011. Women Entrepreneurs: The Emerging Economic Force. *THAVAN IJREB*, 1(1), 10-14.
21. Zahra, S.A., Gedajlovic, E., Neubaum, D.O. & Shulman, J.M. 2009. A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing*, 24(5):519-532.