

# Human Resource Development in Global Social Entrepreneurship

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## Affiliation

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**Abstract.** *The individual who carries out an innovation on the market is called a business entrepreneur or a social entrepreneur if the innovation is directed towards a change in the social sector of any society. The entrepreneur does not represent anything else or anybody else other than his own process and person. Any individual in almost any society could, theoretically speaking, take on the role as an entrepreneur. However, the activity must be based on an innovation. Not every product or service which are introduced in the market, are innovation-based. The novelty must represent a new combination of the two input factors Land and Labor and canalize an entrepreneurial profit to the entrepreneur. Successful social entrepreneurship has the potential of transforming the society in a democratic way. The roles of politics and governments are limited in the process of innovation and social entrepreneurship. That is true when it comes to the roles of universities and organizations as well. It seems that the only player of significance in social entrepreneurship is the single independent individual. The social entrepreneurs manage well without any interferences. The role of human resource development is not of less importance, but it's methods and goals in connection with social entrepreneurship globally must be analyzed and discussed in the light of independent and international science.*

**Keywords:** Innovation, Social Entrepreneurship, Entrepreneurial Profit, Democracy, Human Talent, Independent Science, Innovative Education, Human Resource Development.

## Introduction

There is a special human talent in the world, embedded in the economy, like an endogenous factor, whose existence under certain circumstances brings a change to society, a change that alters the traditional way of production and societal organization. The change represents a potential for democratic development of the society. It's fruits give rise to increase of quantity of life, personal freedom, peace and prosperity, wealth and social independence, and a better and more secure future. Is it possible to develop this important human resource and what could the methods be to do so?

### The Nature of Innovation

To see first what others see eventually summarizes the human talent of the nature of innovation. It takes a special talent to see the future solution and outcome of an activity long before the activity even has started, to be put into production or to become a product or service. Innovation is something that is going to be in the future; it has not happened yet. Obviously, there are both old innovations and innovations yet to be, as the old ones already are a fact and determine the way society is capable of satisfying the needs and desires of its population. This important contribution to society takes more



and other skills than what education in the static knowledge industry offers its students (Sandal, 2012). In other words, no preparatory programs will ever manage to put any of their students in a position to fulfill what the nature of innovation takes from human effort and insightfulness to achieve successful productive and societal change based on innovation. Innovation is not to copy of what already exists or to improve the means of production to reach the optimum due to competition on the market. To gain market share means to combat competitors whose production all are the same, because the static economy offers no means to change the traditional way of thinking, acting or changing the inherited and established patterns of production.

Technically speaking, innovation is a new and superior combination of the first and second input factors in a production function, i.e. Land and Labor (Schumpeter, 1934/2008). The third input factor, Capital, plays no role in the process of innovation as it resolves into Land and Labor. When a new product or service based on a new combination of Land and Labor successfully is launched on the market, its higher physical product will alter the existing and traditional competition and take the lead on a higher technological level. Competitors cannot follow with their old ways of producing, because no one is longer willing to buy old fashioned or expensive products and services if they have the freedom to choose differently. This is exactly what is meant by development; a shift from one static production function to a new and dynamic production function on a higher economic and technological level.

The most critical point in the process of carrying out of the new combinations is decision-making. As almost all decisions in the static production function are made based on experiences and known facts (Strossel, 2012), successful decisions on innovations are made without any predictions or commands by any kinds of authorities. Experience, knowhow and known facts are of no help; on the contrary, repetition and safe planning are of direct hindrances for the process of innovation. The same is true for any decision-making based on elections, votes, ballots, privileges, legacy, marriage, group belonging, political and tribal power, family ties and any other circumstances that do not guarantee the independent and free choice of the individual promoter or undertaker of the innovative process (Sandal, 2007). It is the human talent, like in the arts, the way it expresses itself in decision-making by the individual that constitutes the nature of innovation.

### **The Process of Social Entrepreneurship**

The individual who carries out the new combinations of the production function on the market is called an entrepreneur and a social entrepreneur if the innovation is directed towards a change in the social sector of any society. Not the military man, the holy man, the moral man, the moneymen, or any political figure, just to mention a few kinds of players, can fill the role of the entrepreneur in their formal roles. The entrepreneur does not represent anything else or anybody else than his own process and person. He takes no orders from anyone and does not live his life under a master, like a wage earner. He respects and follows the legislative rules of society even though he does not always approve to it. The function of social entrepreneurship is thereby a legal format as is the individual social entrepreneur. Any individual in almost any society could, theoretically speaking, take on the role as an entrepreneur, because no special qualifications are required to be successful as a change maker in the market other than what already is embedded in the human nature and available in every average person. However, the process of social entrepreneurship demands a certain explicit personality like the willingness, strength and motivation by the individual person to succeed with the tasks of putting in place a new way of production that has the capacity to break the old patterns.

Entrepreneurial profit is the only economic gain and outcome for the social entrepreneur. At the same time, successful social entrepreneurship represents a significant change in the social sector, brings about an increase of quality of life for everyone without any discrimination, a more just society, and a strengthened and developed democracy. When it comes to static production, there is usually a strong connection between the wages and the skills and competences of the workers, and where, how, and what they produce. Their unions, as well as the rule by law, manifest and



contribute to strengthening that kind of connection between wages and work. The knowledge industry's most important issue is to cultivate the students to fit into the frameworks as workers of up-to-date industries of all kinds in all sectors giving the students both theoretical input, evaluation and discipline. It's methods are characterized by copying and repetition. In the dynamic production function, there is no connection whatsoever between the efforts the entrepreneur has put into existence in the process and his outcome; the entrepreneurial profit. The entrepreneurial profit is important for two reasons mainly. It is the proof that a successful change has taken place on the market due to the process of social entrepreneurship, and it is the main income source for establishing and growth of private wealth, rising the individual's social class position and walk in life from being a mere borrower to become a lender.

The process of social entrepreneurship is business. Business is not a religion, but it is very easy for any religion to find its ways into business, and it very often does. The psychological nature of belief in any religious faith differs fundamentally from the nature of innovation. There is no need for any psychological explanations of the process of social entrepreneurship other than what every human with average intellectual capacity in the first place is capable of recognizing. It is not a question of a turn around, a break out, or breaking longitude linear life goals, or any form of supernatural desires for the social entrepreneur. No religion deals with the process of social entrepreneurship, even though most religious faiths are very eager to make business; it is a non-religious matter. The process of social entrepreneurship does not deal with issues like doing good, being kind or goodhearted, being guided by emotions or empathies, being recognized as a caretaker, or setting footprints of one's self and one's own life etc. in a long list of socially more or less accepted activities.

The process of social entrepreneurship does not describe the characteristics of the person undertaking the business. Actually, we do not know what kinds of personal character the individual entrepreneur has. He or she might be a nice and good human being but also the opposite. It is true that business rules, which demands the entrepreneur to follow the rules of the game.. He hires people, and when necessary, he fires his staff. Usually, hiring staff is locked upon as a more social thing to do than firing the same people. However, the word social does not describe the characteristics of the social entrepreneur at the personal level. It only tells in what kind of category of business life the entrepreneur may be engaged, and that is in the social sector of the economy. In other words, it is not possible to improve one's family name or reputation only by entering into the process of social entrepreneurship and label oneself a social entrepreneur. It takes something else, quite different and much more complicated: for successful achievement. However, social entrepreneurs do not show off like celebrities and politicians, they commonly live their lives without the lights and sounds of the circus. Even when they have succeeded, and society has gained from their achievements in democratic terms, their names are often kept hidden in the darkness of history.

### **The Adaptive Society**

Successful social entrepreneurship creates adaptations in large amounts. Suppliers and newcomers in all kinds of business sectors experience the change in demand on the market due to the new dynamic production function introduced and they are eager to shift their production to certify their customers' needs and thereby their own survival. They copy, sometimes adjust and improve the production setups of the successful and leading social entrepreneur (Heifetz, 1994). Adaptation is the process of diffusion of innovation to a larger buying number of customers and the spreading to new geographical or national markets. Eventually the innovation has become the normal way of producing and of consumption and a new equilibrium has been established in the economy, the innovation has become an old innovation, there is no longer anything new or exciting about what ones opened up for the change. The entrepreneurial profit that is the result of the innovation has vanished and a new static production function has taken over.

Adaptors are like moneymen, capitalists, and they bring nothing new, as do the entrepreneurs. They often organize like traditional landowners, workers and capitalists, because they want benefits



and security for their position in society. There are numerous organizations in the world today, both national and multinational, specialized on helping and promoting the achievements of social entrepreneurs and their projects. These are to a great extent membership organizations where approval for membership varies from extreme evaluation of the personal characteristics of the entrepreneur to pure payment of membership fees. They have in common the idea that they support and give the right skills and knowhow to entrepreneurs who already are successful and want to go on, and others who not yet have proved their successfulness on the market. However, the truth is that real entrepreneurs never seek companionship with others in a business setting. They are strong individualists and have nothing in common with other entrepreneurs. Their innovations were genuine and very often once a time happening never to be repeated. Very seldom, an entrepreneur comes up with a second innovation even though that is as rare and unpredictable as the first innovation, and there is nothing in the programs or activities of the membership organizations that could have contributed to the promotion of the second innovation. Membership organizations and their programs are like wages, great hindrances for the process of social entrepreneurship; they never bring a disequilibrium (Heifetz, et al., 2009).

Furthermore, membership organizations, like digital networks for social entrepreneurs, specialized trading fairs, business clubs for entrepreneurs etc. have lost much terrain in their efforts to act as intermediaries in the process of bringing innovations to people in all corners of the world. This is primarily due to modern and cheap transportation supply, social information networks of all kinds, international exchange, and growing opportunities for large parts of the poor population of the world. The economic and infrastructural development, which has put aside much of the need for intermediaries, is of course, largely also a result of successful innovation in all sectors of the global society. Innovations tend to accelerate development in all parts of the economy without interference by static and adaptive approaches. Anyhow, the diffusion of innovation is important for the organic growth of a product or service.

It is obvious that some states tend to be more innovative as a nation while others tend to be more adaptive. The creation and carrying out of innovations is not equally distributed throughout the world (Stiglitz, 2012). Even though opportunities for innovation always is latent in the economy, and no political stimulation packages are needed to fuel its existence, some states are more eager to interfere in the process of innovation and social entrepreneurship than others. How can that be?

Take for instance those three socialist sister states Norway, Sweden and Denmark, also named Scandinavia (Newman, 2005). They constitute what has become known as the Scandinavian Welfare States. Even though their national history and economic and political agenda differs, they are strong carriers of the socialist ideology behind the social political model stating that every citizen contributes with income tax and receive health and eldercare based on needs. The state is the sole provider of healthcare production and distribution without any interference from private initiatives, a true monopoly situation erected and running continuously since the end of Second World War. Even though the political ideology has not changed much, the global economy, opportunities of the poor worldwide, and information through people using cheap travel, immigration, social media and word of mouth have forced the political elite to unwillingly open up for privatization and outsourcing of important parts of the social welfare production. To be able to meet the unstoppable and justified growing demand from the population some regulations have opened up for so called cooperation between the state and the private sector (Country Fiche – Norway, 2007; Country Fiche – Sweden, 2007). In many aspects, what from the beginning was meant as a showcase to its own population and to the world now seems to be in free fall. This is not a very big surprise. Under a true socialist regime, there are very few opportunities for entrepreneurs, which means that the government depends on import of innovations, i.e. adaptations to be able to fulfil their obligations towards own population. Cost efficiency and multiple products and services are a necessity to secure the growth of quality of life, enrichment of people's way of living, a secure, just and expanding democracy with equal opportunities for everyone without discrimination. That takes more than the input by the homemaker,



which was the grand economic fundamental when the welfare state was introduced back in the nineteen fifties.

The opposite case is the U.S., which has been the prime locomotive of business innovation and social entrepreneurship of our time. Everybody's freedom to choose and limited interference by the government on social issues open for private talents to create successful innovations and to bring about change in the social sector. Still there are of course many unsolved issues in the U.S. when it comes to healthcare, distribution of wealth and poverty (Sachs, 2012). That does not mean that other systems are superior in undertaking the lead on innovations throughout the world. A political competition and race is healthy, not only on democratic issues but also on business and social entrepreneurship topics (Morris, 2013).

Without the dynamics of the innovative states, the adaptive states would have been unable of imports of innovations and their stagnation and free fall would probably have occurred much later (Krugman, 2012).

### **Independent science and innovative education**

It is not possible to make any kind of political programs work to improve the advancement of innovation and social entrepreneurship. Anyhow, that is not the problem. What should be done is to improve information and innovative education (Cobb, 2013) to the public, academy, business, governments and politicians on topics relevant for the understanding of innovation and social entrepreneurship worldwide. International and independent science is also of significant importance. Only the scientific truth can guide society in a more democratic direction and be of help in understanding of how innovation and successful social entrepreneurship contribute to the change of traditional patterns that are the main hindrances for the opening up of increase of quality of life, individual freedom and democratic growth. Not everyone or every institution can fulfill these tasks (Beerbohm, 2012). Capital interests, social class struggles, political power accumulation and corruption, governmental propaganda and academic false dogmas, religious dominance, family ties and tribe violence are only a few realities in this world that suspend many individuals and institutes from being fitted for the mission. It seems that the only ones left behind for the mission are the private independent individuals.

### **Conclusion**

It is not possible to develop the human talent of the nature of innovation. It is already there, and society cannot manipulate the political programs in order to encourage or stimulate entrepreneurs to achieve more or differently than their human talent allows them to. On the other hand, scientific truth and innovative education have potential to reach out to a great number of citizens and inform them of how the human talent can contribute to increase of democratic development. The independent individuals who are not tied to any realities of this world that make them unsuitable for the mission best take care of that process.

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