



Understanding the Role of Entrepreneurship in Social Welfare Systems

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DESCRIPTION

Many highly industrialised countries have reorganised and reduced the scope of their formerly extensive welfare programmes. The importance of social entrepreneurship as a market-driven initiative to offset cuts to public welfare is being emphasised by academics, businesspeople, policymakers, and other stakeholders more and more. They contend that social entrepreneurship can outperform and displace ineffective state and civil society organisations in capitalist welfare systems. However, social enterprises in developed economies frequently face a serious struggle for legitimacy to gain recognition from national constituents as social welfare providers that can compete with traditional social welfare systems. Social enterprises in disadvantaged communities and economies address pressing needs. An increasing amount of cross-country institutional research shows that national government initiatives and entrepreneurial-specific cultural norms are responsible for the wide variation in the incidence of social entrepreneurship among capitalist welfare states. The ability of key national stakeholders (such as educators, policy makers, researchers, investors, and entrepreneurs) to signal their support for social enterprises' capacity to generate more social benefits than state and civil society organisations will have a significant impact on the success of social enterprises that offer nationwide (as opposed to "solely" local community-based) solutions. The US, South Africa, and South Korea are three developed countries where research has shown that social entrepreneurs engage in various methods to "overcome the lack of legitimacy and acceptability from external constituents."

Despite these significant contributions to the relative value of social enterprise, there is still a dearth of comparative research that looks beyond the viewpoint of the entrepreneurs and takes into account the assessment of the legitimacy of social enterprises in developed economies by important national-constituent experts. Experts' opinions on legitimacy make up a significant area of research since they "can speak out on

significant issues and participate in forums and other events, so lending some credibility and attention to the efforts of social entrepreneurs." Therefore, filling up this vacuum can advance theory on the acceptance of social entrepreneurship as a way of providing social welfare and, as a result, explain how the "demand" for social entrepreneurship is dependent on the state's present political governance structure. welfare programmes are offered to address social issues (social governance sphere) Our multilevel analysis, which is based on a sample of 361 national experts from 11 capitalist welfare states, shows that when the state's coordination of both market-based activities and social welfare provision is either dominated by a liberal logic or dominated by a socialist logic, key experts believe that social entrepreneurs are more effective at solving social problems than the state and civil society organisations. By comparing the capacities of the government and civil society organisations to the success of social companies in resolving social challenges, the current study closes that gap. We argue that the perception of social entrepreneurship's legitimacy in welfare states is influenced by significant national experts' normative judgements, which are embedded in the existing capitalist welfare system, as part of our effort to find a solution. In order to theorise on how experts' legitimacy assessments of social entrepreneurship are influenced by the states' level of coordination of market-based activities (market governance sphere) and the breadth of current public awareness, we supplement the legitimacy lens with a national institutional perspective based on the Varieties of Capitalism (VOC) framework. A dominant socialist logic reflects a higher degree of coordination across market and social governance spheres, meaning that the state takes an active role in, for example, regulating corporate governance and establishing protections for workers. A dominant liberal logic reflects a lower degree of coordination across both the market and social governance spheres, meaning that the state allows private companies to negotiate commercial and employment agreements freely with little interventions.

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