

MASTER COURSE
DEVELOPMENT ECONOMICS
AND
INTERNATIONAL STUDIES
INTERNATIONAL BUSINESS ETHICS II (IBE II)

(SEMINAR)

WINTER TERM

I. **COURSE DESCRIPTION**

To address the needs of master students in the DEIS program, this course builds on the foundations of corporate social responsibility laid in IBE1, focusing on social entrepreneurship in developing countries.

Since Bill Drayton, founder and chairman of Ashoka, coined the term 'social enterprise' in the 1970s, social entrepreneurship has developed into an emerging and rapidly changing phenomenon. Over the decades, the number of companies focusing on solving social challenges has not only grown, but they have also become increasingly successful. Meanwhile, there are social enterprises such as Recup, discovering hands, soulbottles and many others that are also well known in Germany and aim to address social and environmental problems through a market model rather than leaving them to be solved by the state or civil society.

The central characteristic of social enterprises is therefore the attempt to generate economic and social added value through a new business model. The (social) entrepreneurial process extends accordingly from the identification of a social problem to the recognition of a possible solution and the founding of a company to its implementation, which brings about transformative change.

Despite all the conceptual vagueness, there is still agreement that social entrepreneurship requires the creativity, ingenuity and innovative strength that we often associate with traditional entrepreneurship. Social entrepreneurship is therefore more than just a portfolio of tools and techniques for starting and growing a business. It is an attitude and mindset that focuses on problems and opportunities and is based on a mission orientation. The goal is to create prosperity in all its forms: economic value creation, social innovation and sustainable development.

Bill Drayton, mentioned above, aptly summarises this conviction and the drive of social entrepreneurs: "The job of a social entrepreneur is to recognize when a part of society is not working and to solve the problem by changing the system, spreading solutions, and persuading entire societies to take new leaps. Social entrepreneurs are not content just to give a fish or to teach how to fish. They will not rest until they have revolutionized the fishing industry. Identifying and solving large-scale social problems requires social entrepreneurs because only entrepreneurs have the committed vision and inexhaustible determination to persist until they have transformed an entire system. The scholar comes to rest when he expresses an idea. The professional succeeds when she solves a client's

problem. The manager calls it quits when he has enabled his organization to succeed. Social entrepreneurs can only come to rest when their vision has become the new pattern all across society.”

Building on these preliminary considerations, this course aims to teach students to think strategically and act opportunistically on the basis of a socially oriented entrepreneurial mindset. Topics covered include the assessment of social problems and the resulting entrepreneurial opportunities, the establishment of social enterprises, and the balancing of social impact and financial profitability.

Fundamental to this is an understanding of entrepreneurship that includes the entrepreneurial planning process and the strategic and financial dimensions. Inevitably, this involves drawing on various disciplines, such as management and finance, which enable the planning, establishment and successful operation of social enterprises, as well as their evaluation.

In order to generate the highest possible practical added value, the examination requirement involves developing a business plan that can be used to establish a social enterprise.

II. LEARNING GOALS

- Develop a comprehensive understanding of social entrepreneurship and be able to distinguish between traditional non-profit organisations and traditional for-profit companies
- Know and understand the key players and framework conditions in the social entrepreneurship ecosystem and the heterogeneity of this phenomenon
- Assess the strengths and limitations of social entrepreneurship in tackling social problems
- Identify social problems and understand them as entrepreneurial opportunities by applying the course content
- Analyse and assess the business models of social enterprises in terms of their social impact and financial profitability
- Be able to analyse and compare financing options for social enterprises
- Develop entrepreneurial skills that enable the establishment of a sustainable business model
- Be able to develop a business plan as a basis for founding a social enterprise

III. REQUIREMENTS

The final grade consists of a business plan for a social enterprise that is to be presented as a ppt (40 %) and handed in as a written-out business plan (60 %).

Business Case Work: The business plans are developed in groups, depending on participation.

The elements of the business plan are explained in the introductory session.

IV. Readings

To accompany the preparation, the students are to read the following texts. All literature is provided via studon.

1. Introduction to Social Entrepreneurship

There is no single definition of social entrepreneurship. We will explore different definitions, consider various schools of thought, and draw from different sources.

- Definition of Social Entrepreneurship
- Distinction from related phenomena
- Differences and similarities in understanding

Readings:

- Dees (2001). *The Meaning of Social Entrepreneurship*
 - Bornstein & Davies, pp. 1–12 and 30–47
-

2. Social Entrepreneurs and Their Enterprises

Bornstein and Davies describe social entrepreneurs as “building platforms that unleash human potential. They struggle to increase the number of people who have the opportunity to contribute their talents to the world. In so doing, they help more people to live with dignity.” This chapter aims to understand social enterprises and the people who create them.

- Characteristics of social entrepreneurs
- Examples of social enterprises
- Development paths of social enterprises

Readings & Media:

- Bornstein & Davies, pp. 13–29
 - Ashoka: Innovators for the Public: [YouTube Video](#)
-

3. Social Entrepreneurship as a Corrective Mechanism for Market Failure

Social entrepreneurs act where the market fails to provide solutions to social problems. They employ market-based approaches that often involve empowering people.

- Functional logic of social entrepreneurship
- Compensating for market failure

Reading:

- Anderson and Markides (2007). *Strategic Innovation at the Base of the Pyramid*
-

4. Promoting Social Entrepreneurship

Given the many challenges facing societies in the 21st century, the question arises: how can social entrepreneurship be promoted to contribute more effectively to solving them? Many actors can serve as promoters:

- Schools/Universities
- Government actors
- Traditional businesses
- Existing social enterprises

Readings:

- Bornstein & Davies, pp. 75–128
-

5. Social Innovation

According to Phillips et al. (2008), social innovation is “a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals.” Social entrepreneurs address systemic problems with innovative, often model-altering solutions.

- Characteristics of social innovation
- Disruption

Readings & Media:

- Prahalad (2006). *The Innovation Sandbox* – [Link](#)
 - Heilig (2017). *10 Social Innovations that Have Changed Society* – [Link](#)
-

6. Selected Fields of Social Innovation I – Microfinance

Since the founding of the Grameen Bank by Muhammad Yunus, microfinance has become a key tool for funding entrepreneurs—especially small-scale entrepreneurs—in developing countries. However, the model is not without controversy.

- Features of microfinance
- Strengths and weaknesses
- (Misuse of) Microfinance as a commercial business model

Readings & Media:

- *The Power of Kiva*: [YouTube Video](#)
 - Flannery (2007). *Kiva and the Birth of Person-to-Person Microfinance*
 - Hudon and Sandberg (2013). *The Ethical Crisis in Microfinance*
-

7. Selected Fields of Social Innovation II – Health

Health is considered a core area of social entrepreneurship, as both mental and physical health are essential for individual and societal socio-economic development. Without health, participation in economic and social life is severely hindered.

- Health as a field of action for social entrepreneurship
- Initiatives in developed and developing countries

Readings:

- Bacq and Lumpkin (2020). *Social Entrepreneurship and COVID-19*
-

8. Identifying Market Opportunities for Social Ventures

Identifying relevant social problems and related market opportunities is often the starting point of social entrepreneurial activity. Without identifying specific issues, no entrepreneurial action can follow.

- Identifying societal challenges
- Deriving market opportunities

Readings:

- Murphy and Coombes (2009). *A Model Of Social Entrepreneurial Discovery*
 - Osberg and Martin (2015). *Two Keys to Sustainable Social Enterprise*
-

9. Assessing Market Opportunities for Social Ventures

Closely tied to identifying market opportunities is their assessment. Not every identified opportunity can or should be pursued entrepreneurially.

- Assessing identified opportunities
- Toolkits for assessment

Readings & Media:

- Christensen et al. (2006). *Disruptive Innovation for Social Change* – [Link](#)
 - Davis (2019). *How should social entrepreneurs identify a social 'business' opportunity?* – [Link](#)
(Includes links to relevant toolkits)
-

10. Strategies for Social Enterprises

Like traditional businesses, social enterprises need to follow a strategy, especially regarding market positioning and procurement. Financing strategies are discussed separately.

- Business Model Canvas
- Strategic elements

Readings:

- Sparviero (2019). *The Case for a Socially Oriented Business Model Canvas*
 - German Federal Ministry for Economic Affairs and Energy (BMWi) (2018). *Practical Guide to Social Entrepreneurship*
-

11. Financing Social Entrepreneurship

Financing social business models is a traditional challenge since profit maximization is not the main goal, which can make investors skeptical. In addition to traditional sources, capital providers who value the social purpose may be approached. Still, a solid financial plan is essential.

- Sources of funding
- Financing strategies

Readings & Media:

- Bornstein & Davies, pp. 48–56
 - *5 Keys to Success for Social Entrepreneurs* – Lluís Pareras at TEDxBarcelonaChange: [YouTube Video](#)
-

12. Scalability of Social Business Models

Social business models often have a strong local focus and depend on the entrepreneur's network. However, long-term financial sustainability and reduced dependence on external funding often require scaling the model—this presents a challenge.

- Scaling strategies
- Growth

Readings & Media:

- BMWi (2018). *Practical Guide to Social Entrepreneurship*
 - Probst (2021). *Scaling Social Enterprises – How Can It Work?* – [Link](#)
-

13. Performance and Impact Measurement

A major challenge in social entrepreneurship is not measuring financial performance (which follows standard business metrics) but rather assessing **social impact**. What social or environmental progress has the enterprise made? How has it contributed to solving a societal problem?

- Impact
- Measuring social impact

Readings & Media:

- Bornstein & Davies, pp. 61–74
- *The Impact Investor* (2021). *How to Measure Social Impact* – [Step-by-step guide](#)

v. Dates

- Oct. 20, 14.14-15.45: Introductory ONLINE Meeting (via zoom, link will be sent after registration)
- Dec. 8, 14.14-15.45: Discussion of literature 1-6 (in presence, room 5.054)
- Jan. 12, 14.15-15.45: Discussion of literature 7-13 (in presence, room 5.054)
- Jan. 30, 9.00-18.00: Business Plan Presentations (Room 1.055, Kochstr. 4)

Additional dates to engage on business plans will be agreed on individually.

VI. GENERAL NOTES

A seminar is a form of interactive knowledge generation which draws on the knowledge of the participants on the one hand and their participation in the discourse on the other. It is expected of you that you engage in discussion and field questions to your classmates that are presenting.

The slides are available for download on studon. **The password is: ibe2**