
Practicing Social Innovation in the Social Entrepreneurial Initiatives: Triggering Transition towards Sustainable Social Development

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ABSTRACT

Keywords:

Social entrepreneurship; social innovation; sustainable social development; Pakistan

Pakistan being a developing country is facing numerous social challenges and the public sector has remained unsuccessful in satisfying the basic needs of the marginalized group of society. Despite having numerous social challenges, few organizations are making efforts to resolve these issues by using traditional approaches. While this great social imbalance creates a demand for effective social approaches to handle the pressure and respond efficiently to cater to the needs of society on a priority basis. In this regard, scholars have found social entrepreneurship to be a useful tool for overcoming social challenges by using business models for generating money and meeting unfulfilled needs of the marginalized. Therefore, the primary focus of this study was to highlight the role of social innovation in socially-oriented entrepreneurial initiatives to achieve sustainable social development. In order to investigate the hypothesized relationships, quantitative research was conducted through an online survey in Pakistan. Data was collected from social enterprises and Non-Governmental Organizations (NGOs), engaged in social entrepreneurial initiatives across Pakistan. Research results show that there is a significant mediating role of social innovation in relationship between social entrepreneurship and sustainable social development. It indicates that practice of social innovation in social entrepreneurial ventures contribute significantly towards sustainable social development. These findings are useful for government sector, policymakers, entrepreneurial educators, social entrepreneurs, donors, and NGOs.

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Introduction

In the last decade and so, the world has suffered many economic setbacks; from economic depression of 2008-09 to the ongoing pandemic. The severe economic crisis of past decade led to serious survival challenges for great many people of the world. In this context, social scientists started looking for alternative financial models that could improve social services and quality of life for communities and individuals. Consequently, interest in the social entrepreneurship phenomenon has increased. It emerged to develop solutions for bringing about a positive change in the lives of people and to achieve 'socio-economic security' (Brajević, Babić & Jukić, 2015; Dwivedi & Weerawardena, 2018). According to Moses and Olokundun (2014), most of the developing countries are suffering from numerous national and regional level social challenges such as illiteracy, unemployment, food crisis, natural disasters, human rights violation, drug addiction, climatic changes, health care challenges, energy crisis, lack of infrastructure etc. which adversely affect the social welfare of individuals and communities. Social well-being can be improved if tools and approaches are available to cater to the needs of the social sector. Most of the developing countries are experiencing social problems which demand unorthodox approaches to serve the needs of people on priority basis. In this connection, social entrepreneurship is found as an effective tool which helps in identifying social problems and proposes both short and long-term solutions, thus uplifting the status of specific segments of society.

In case of Pakistan, social problems i.e. poverty, illiteracy, unemployment, inadequate and poor-quality healthcare services, natural disasters, climate change, food crisis, human rights violation, drug addiction, water scarcity, poor sanitation, and hygiene facilities etc. are increasing with passage of time which deteriorate the socio-economic condition of the country. In the current situation of Pakistan, social entrepreneurship phenomenon provides a tremendous opportunity, as its top agenda is to overcome social issues, target marginalized group and enhance social and economic wealth. Social entrepreneurship also offers a chance of providing homegrown solutions to the enlisted problems for policymakers, government sector, the private sector, NGOs and academia. Social entrepreneurial initiatives are required in Pakistan because it is an effective technique to satisfy the emerging needs of a society. The social entrepreneurship can roll out suitable strategies for improving the socio-economic development of Pakistan (Khan, 2015).

Similarly, social innovation also provides potential solutions to social challenges which remained unresolved through the use of existing services (The Hope Institute, 2017). Cunha, Benneworth, and Oliveira (2015) discusses that social innovation is associated with applying new ideas to provide better solutions to satisfy the identified social demands. Piccarozzi (2017) stated that social innovation is important for the sustainable development of society. Through better and creative ways, it produces long-lasting results for managing societal issues which trigger change towards sustainable development. In the context of Pakistan, Khan and Advani (2016), Ali and Darko (2015) proposes that social entrepreneurship approach alleviates the major societal issues and greatly influences sustainable development. Buchegger and Ornetzeder (2000) explained that sustainable development is the goal of every project. Achievement of sustainable development is the main reason which contributed to generating the idea of project implementation in the light of sustainability. If sustainable development is not achieved then it can pose serious threats to society. Practicing social innovation in social entrepreneurial initiatives creates new models of service provision which address the unsatisfied human needs and provide sustainable solutions which stimulate sustainable development. Khan, Awan, and

Khan (2013) argued that like other countries for Pakistan, sustainable development is key for social and economic betterment. The objective of this article is to examine the mediating role of social innovation in the relationship between social entrepreneurship and sustainable social development.

1.1 Rationale of Study

Dar et al. (2017) discussed that Pakistan is facing numerous social and economic issues which are increasing with time and, owing to which, social inequality is on rise and apart from social entrepreneurship, there is no other way to address these challenges on sustainable basis and thus impact social and economic growth. In support of this argument, Khan and Advani (2016) found that social entrepreneurship was an emerging phenomenon in the developing world and is especially very new for Pakistan and very new in Pakistan. If we investigate social issues of Pakistan organizations are still trying to overcome these social issues through traditional ways which cannot trigger transition towards sustainable development. On the contrary, developed countries address their social issues through practicing new and unique ways (Fridhi, 2021) Rao-Nicholson et al., 2017) which contribute to gaining maximum benefits from social entrepreneurship for a much longer period. Despite the need of social entrepreneurship approach in Pakistan, there is a lack of research studies on social entrepreneurship. Very few studies that have been conducted on social entrepreneurship are qualitative in nature and subject to considerable criticism. According to Khan (2015), social entrepreneurship is a rapidly growing phenomenon in the world, but it is yet to arrive in Pakistan with complete understanding.

Literature Review and Hypothesis Development

2.1 Social Entrepreneurship

Generally, social entrepreneurship phenomenon refers to applying business and market-based skills and expertise in not-for-profit sector, such as when this sector develops effective approaches to earn money (Reis, 1999; Thompson, 2002; Dwivedi & Weerawardena, 2018). Others define social entrepreneurship more broadly that it is not confined to not-for-profit organizations only, but it also occurs in business world, government sector, and in cross-sectoral collaborations. Focus of social entrepreneurship is to address the social challenges. Social entrepreneurship responds to market failures through providing potentially transformative solutions and makes organizations financially sustainable (Noruzi et al., 2010; Gupta et al., 2020). Common aspect of all definitions of social entrepreneurship is to create social value instead of enhancing personal and shareholder wealth (Thake and Zadek, 1997). Few researchers adopt definitions of social entrepreneurship only by considering the mission of social entrepreneurship and ignore related economic outcomes. These authors such as Mair and Marti (2006), and Zahra et al. (2009) do not consider economic mission as basic aim. In actual, mission of social value creation does not diminish focus on economic value. In fact, economic value plays critical role in sustainability of social entrepreneurial initiatives and social value creation (Dacin, Dacin & Tracey, 2011; Aquino et al., 2018). The criticism on social entrepreneurship is that there exists a lack of capacity to measure social change and social value created by social entrepreneurship (Dees, 1998). Brajević, Babić, and Jukić (2015) argue that the basic goal of the social entrepreneurship is to provide benefits to society by running a business and spending earned profits to pursue a social objective. Sharma and Salwan (2015) stated that in developing countries, social entrepreneurship is considered as a financial support mechanism to alleviate social issues.

Pakistan has finally realized the key role of entrepreneurial growth and innovation in the country's economy; therefore, it is taking initiatives to promote the culture of entrepreneurship and innovation. Moreover, for fostering innovation and enhancing entrepreneurial culture, Pakistan has increased its

research and development investment by 600 percent, which is 0.7 percent of GDP (Saeed, Muffatto, & Yousafzai, 2014). Khan and Advani (2016) found that social entrepreneurship is has no deep roots in Pakistan and it is gaining attention amongst both, not-for-profit and for-profit sectors of Pakistan. Although social entrepreneurship can be helpful in achieving sustainable development goals of Pakistan, the active social organizations are making efforts to overcome social issues by working on various key challenges i.e. water crisis, energy, health, education, security, unemployment, human rights violation but with approaches not plausible in modern times (Rawhouser et al., 2019; Bozhikin et al., 2019; Canestrino et al., 2020). These challenges encourage social entrepreneurs of Pakistan to take a lead and mobilize existing resources for serving disadvantaged people and improving their lives. There are so many examples of successful social entrepreneurship in Pakistan such as Shaukat Khanum Memorial Hospital, SRE Solution, Pharmagen Water, Akhuwat Foundation, The Citizens Foundation (TCF), Aman Foundation, Baksh Foundation, Kashf Foundation etc.

2.2 Social Innovation

Mulgan, Tucker, Ali, and Sanders (2007) stated that a broader definition of social innovation is “new ideas that work to address the unmet social needs and improve social well-being”. In the narrow context, it is defined as “innovative activities and services inspired by the purpose of addressing the needs of society and most developed and diffused by organizations whose core mission is social”. Numerous authors stress the role of innovation in social entrepreneurial initiatives including (Borins, 2000, Rao-Nicholson et al., 2017; Avelino et al., 2019; Wittmayer et al., 2019). According to Cunha, Benneworth, and Oliveira (2015) and Fridhi (2021) social innovation applies new ideas to provide better solutions to satisfy the identified social demands. It refers to replication of old ideas into new and unique ways to respond to communities’ needs at a broader level and create social value. According to Westwood (2009), purpose of social innovation is to meet new needs which market is unable to address or develop new and more suitable ways of providing people key role in social and economic life. While other authors like (BEPA, 2010; Vale, 2009; Marques et al., 2018; Eichler & Schwarz, 2019) stress on the significant role of social innovation in empowering people and making social adherence and leading towards economic drive and ultimately bringing social change. In this prospect, focus is on building capacity of people instead of their needs, through enhancing their expertise and increasing motivation level to deal with issues of social exclusion (Vale, 2009). Whereas some other authors such as Hochgerner (2011), Kennisland (2014), Edwards- Schachter, Matti and Alcantara (2012), view social innovation as innovation of social practices. This prospect focus on social aim of innovation and requirement to tackle the social changes, where linkages and social innovation labs are crucial for promotion of innovation and achieving systematic change.

Similarly, in another study Hulgard and Anderson (2015) also found that innovation is considered as “economic agent of change”. Social innovation enhances economic growth and offers new ways to deal with economic depression. On the other side, European Commission (2013) stated that all innovations are not social innovations; as compared to common innovation, social innovation has a social mission and create shared social and economic values. Konda, Starc, and Rodica (2015) elucidated that in developing countries social innovation phenomenon is gaining recognition due to the incompetence of current structure of government and inefficient policies to resolve emerging social issues, as the government tries to address social issues through traditional ways. Social innovation offers new ideas and ways which are more productive than traditional methods.

2.3 Sustainable Social Development

According to Davis (1992), since 1970, due to internationalization of economies, world specifically developing countries are suffering from various socio-economic and environmental challenges. The whopping increase in economic differences of countries, consumption of natural resources have caused thorny social problems i.e. poverty, unemployment, social exclusion etc and all of them are attributed to globalization related activities (Bansal et al., 2019; Iqbal et al., 2018). Therefore, for dealing with these wicked social problems, governments made efforts to address these issues and enhance economic growth. Numerous organizations adopted defensive behavior to address issues but their approaches and actions were ineffective. On the other side, Omrane (2013) explained that organizations knew the importance of adopting sustainable development approaches and shifted their focus on achieving sustainable development through entrepreneurial projects. For last few years, research studies on sustainable development have paced up focusing on concept of sustainable development or determinants of sustainable development or impact of sustainable development on countries (Chiodo et al., 2020; Krajčo et al., 2019). But sustainable development still has lack of agreement on its conceptualization, dimensions and pragmatic types (Hall et.al, 2010).

Sustainable development framework contains three main dimensions i.e. societal, economic and ecological. In most of the research studies special focus is given to societal dimension and economic dimension whereas ecological dimension is also discussed indirectly. These three aspects are interlinked in sustainable development framework “what is good for society is good for sustainable development (Gibbs, 2006; Corsi et al., 2020). Gregersen, Lundgren, and White (1994) found that sustainable development was the objective of every project. Project sustainability contributes in stimulating sustainable development. It relies on a project to support people to understand and create their own skills to apply innovative ways and deliver services. Van Kleef (2014) believes that the aim of sustainable development is to achieve development that is sustainable and not has a short-term effect only. It is a “process of transformation in which resource utilization, finance directions and institutional changes are according to the current and future requirements”. Moses and Olokundun (2014) stated that sustainable social development is defined as “addressing the needs of society and equally distribute the resources amongst the world and orient towards sustainability for current and coming generations”.

2.4 *Social Entrepreneurship and Sustainable Social Development*

Omrane (2013) elucidated that sustainable social development is a goal of social entrepreneurship. Social entrepreneurship is a key driver of sustainable development. It aims to drive social change by addressing the social challenges in a sustainable way. In developing countries, numerous organizations initiate entrepreneurial projects, oriented towards sustainability (Chiodo et al., 2020). Social entrepreneurship augments sustainable development by applying a variety of social business models which overcome the sufferings of the marginalized not recognized by the public sector. Social entrepreneurship offers an analytical framework for providing potential solutions to deal with challenges of sustainable development.

Hypothesis 1: There is a relationship between social entrepreneurship and sustainable social development.

2.5 *Social Entrepreneurship and Social Innovation*

Social entrepreneurs get recognition in society through their innovative techniques (Erkut, 2016). Rao-Nicholson et al. (2017) and Fridhi (2021) confirmed that social entrepreneurship and social innovation resolve societal issues through new and innovative ways to meet the needs of society in the long term. If innovative approaches are applied in social entrepreneurial initiatives, it can bring

significant change in the society. Suzana, Zulazli, and Zainudin (2016) elucidated that social innovation involves activities linked with the practice of social entrepreneurship. Skills of social entrepreneurs like social innovation have a significant effect on social entrepreneurial initiatives.

Hypothesis 2: There is a relationship between social entrepreneurship and social innovation.

2.6 *Social Innovation and Sustainable Social Development*

According to Daskalov (2017), social innovation plays a key role in increasing sustainable growth. Sustainable development secures the environment and improves the living standards of people. In all this, innovation has a lead role in its success. Social innovation introduces new processes and ways of addressing old issues through new methods which contribute to achieving sustainable development. Khan, Awan, and Khan (2013) in their study have discussed that in Pakistan, sustainable development is key for a boost in social and economic sectors and this development procedure has the capacity to enhance resources. Limited research exists on sustainable development in Pakistan, and there is not a single study adequately covering the link between social innovation and sustainable social development. Therefore, it is proposed that social innovation can bring a key role in the achievement of sustainable development of Pakistan.

Hypothesis 3: There is a relationship between social innovation and sustainable social development.

2.7 *Social Innovation as Mediator*

Sharma and Salwan (2015) confirmed that there is a positive relation between social entrepreneurship and sustainable development. Social entrepreneurship involves the identification of social issues and use of entrepreneurial ways to tackle social challenges and create a meaningful social change which contributes to sustainable social development. Suzana, Zulazli, and Zainudin (2017) explained that social entrepreneurship introduces activities and practices which have a direct bearing on social innovation. Social innovation has significant effects on social entrepreneurial initiatives. It mediates the relationship between social entrepreneurs and sustainable development. Profits of social entrepreneurs also rise as a result of social innovation. According to Konda, Starc, and Rodica (2015), social innovation is a new and alternative way of overcoming social issues and providing long-term solutions which improve social well-being and provide ways to move towards sustainable social development. However, the role of social innovation as a mediator in the context of Pakistan is not yet explored.

Hypothesis 4: There is a mediating role of social innovation between social entrepreneurship and sustainable social development.

2.8 **Theoretical Framework**

The model given in figure 1 shows that social innovation mediates the relationship between social entrepreneurship and sustainable social development.



Figure 1: Conceptual Framework

3. Research Methodology

In order to test the hypotheses of this study, quantitative research was conducted. The study population is social enterprises and NGOs taking social entrepreneurial initiatives in Pakistan, included in British Council’s study titled “State of Social Enterprise in Pakistan”. So, social enterprises and NGOs engaged in social entrepreneurial initiatives were taken from the British Council’s study. Data was collected online from 112 social enterprises and NGOs taking social entrepreneurial initiatives in Pakistan. As per the study objectives, purposive sampling technique was used. Responses were gathered through the online distribution of questionnaires. Items of study variables were adopted from the already developed questionnaires. Items of social entrepreneurship were adapted from already developed and pre-tested questionnaires of Tan and Yoo (2015), SDPI (2016), Hockerts (2015) and Kannampuzha (2017). The scale of social innovation variable is adapted from the works of Tan and Yoo (2015), Bond (2016), Hulgard and Anderson (2015), Kannampuzha (2017) and Wright State University (2014). To measure sustainable social development, items are adapted from the study of Pfister (2014) and Hulgard and Anderson (2015). Although the scale for sustainable social development has been given and evaluated by different researchers including the ones mentioned above, SSD still lacks a pertinent scale for data collection. So, in line with recommendations from Churchill (1979), the current research also aspires at performing an exploratory factor analysis after fulfilling all the requisites. Reliability of the variables was calculated by using Cronbach’s alpha and values were between a range from 0.826 to 0.899.

4. Data Analysis

Firstly, descriptive statistics were computed and explained. Then Kaiser-Meyer Olkin (KMO) and Bartlett's Test was applied to measure sampling adequacy and assess the appropriateness of sample for factor analysis (Hadi et al., 2016a). In the next step, rotated component matrix results were explained. Afterward, regression results were presented. Preachers & Hayes Mediation analysis was applied to assess the mediation of the mediator variable. The aim of applying mediation analysis was to develop the extent to which some randomly assumed (predictor) variable X influences, some outcome Y variable through one mediator variable (Hayes, 2012).

Table 1:
Rotated Component Matrix

| Statements | Component | | |
|--|-----------|---|---|
| | 1 | 2 | 3 |
| 1. “Our organization focuses on sustainable solutions”. | .764 | | |
| 2. “Project(s) results positively change the lives of beneficiaries for the long period of time”. | .743 | | |
| 3. “Impacts of the project(s) implemented by our organization are sustained beyond project(s) completion because our organization empowers communities”. | .731 | | |
| 4. “Project(s) results remain existent over a long period of time”. | .729 | | |

| | | |
|-----|---|------|
| 5. | “Products/services delivered by our organization through projects (s) give long-term benefits to the society”. | .702 |
| 6. | “Project(s) of our organization create long-term impact and sustainable change in the society”. | .686 |
| 7. | “Project(s) focuses long-term targets (changes in the lives of beneficiaries)”. | .641 |
| 8. | “Our organization plans, strategically for ensuring that the target population is able to make a project(s) sustainable”. | .565 |
| 9. | “Our organization delivers new products and services for the benefit of society”. | .487 |
| 10. | “Our organization focuses on developing new solutions in the project(s)”. | .791 |
| 11. | “Our organization always applies new and innovative ways to address the social needs”. | .782 |
| 12. | “Our organization encourages new ideas and solution”. | .732 |
| 13. | “Our organization adapts new processes/methods in social ventures for achieving social impact”. | .674 |
| 14. | “Our organization develops plans to implement new ideas”. | .671 |
| 15. | “Our organization believes that it is possible to bring significant social change via new methods or products/services”. | .668 |
| 16. | “Project(s) of our organization addresses social problems in new and innovative ways”. | .551 |
| 17. | “Our organization adapts the successful ideas and activities of other relevant organization in the project(s)”. | .467 |
| 18. | “Project(s) of our organization has a larger social impact”. | .413 |
| 19. | “Our social organization is started to help socially marginalized people”. | .777 |
| 20. | “Our organization is morally obliged to help socially disadvantaged people”. | .708 |
| 21. | “Our organization feels compassion for socially marginalized people”. | .699 |
| 22. | “Our organization’s priority is to run the project (s) that directly tie to the social mission”. | .638 |

| | | |
|-----|---|------|
| 23. | “Our organization specifically targets marginalized group as main beneficiaries”. | .594 |
| 24. | “Our organization makes a contribution to addressing problems faced by society”. | .585 |
| 25. | “Our organization maintains the core values and principles of social entrepreneur”. | .533 |
| 26. | “The social entrepreneurial initiatives of our organization meet the communities’ real needs and priorities”. | .517 |

Extraction Method: Principal Component Analysis

The matrix presents the loading of each study variable on all the 3 factors individually. Total 26 items of social entrepreneurship (N=9), social innovation (N=9) and sustainable social development (N=8) were analyzed using rotated component analysis. The factors loadings less than 0.3 have not been displayed and such items were suppressed. Study variables are listed in order of the size of their factor loadings. The rotated component matrix shows a strong correlation between factors and variables.

4.1. Interpretation of Results

The total effect of social entrepreneurship on sustainable social development is statistically significant where the path coefficient value is .4735 and $p < .05$. With the intervention of social innovation, the effect of social entrepreneurship on sustainable social development changes and path coefficient value decreases from .4735 to .1934. In table 4, indirect effect was tested through applying a bootstrap estimation approach with 5000 bootstraps samples (Shrout and Bolger, 2002). LLCI is lower limit confidence interval and ULCI is upper limit confidence interval. In this case, the true indirect effect of social innovation is 95% likely to range from .1664 to .4351 and the estimated effect is 0.2687 which lie between the lower limit and upper limit values. In the given case, LL and UL both values are positive and greater than zero, so it is concluded that this indirect effect is significant. It shows social innovation is playing a critical role in creating sustainable social development. The p-value for H4 is also significant, indicating the mediating effect of social innovation in the relationship between social entrepreneurship and sustainable social development. Strength of mediation is found through calculating, Variance Accounted For (VAF) as proposed by Hair et al. (2014) and Hadi et al. (2016b), its value is almost 60%. So according to Hair et al. (2014) that value of VAF greater than 20% indicates that there exists mediation, therefore it shows that in this research study, social innovation partly mediates the relationship between social entrepreneurship and sustainable social development.

5. Discussion on Findings

The main objective of this research study was to identify the mediating role of social innovation in the relationship between social entrepreneurship and sustainable social development. Main objectives of the study were further divided into sub-objectives i.e. to identify the relationship between social entrepreneurship and sustainable social development, to examine the indirect effect of social entrepreneurship via social innovation on sustainable social development. Hypotheses were developed and they were tested in the empirical part of the research.

Table 2:

Social Entrepreneurship and Sustainable Social Development

| Effects | Path | Path Coefficient | t values | P Value | Decision |
|---------|------|------------------|----------|---------|----------|
|---------|------|------------------|----------|---------|----------|

| | | | | | |
|-------------------------|--|-------|--------|-------|----------|
| Direct without Mediator | Social Entrepreneurship → Sustainable Social Development | .4735 | 5.7359 | .0001 | Accepted |
|-------------------------|--|-------|--------|-------|----------|

The first proposed hypothesis was on the relationship between social entrepreneurship and sustainable social development. The study results show that the direct effect of social entrepreneurship on sustainable social development is highly significant. Based on these results, this hypothesis is accepted. The proved hypothesis is supported by various studies (e.g., Omrane, 2013; Sharma & Salwan, 2015; Acs, Boardman & McNeely, 2013; Fischer & Comini, 2012).

Table 3:

Social Entrepreneurship and Social Innovation

| Effects | Path | Path Coefficient | T values | P Value | Decision |
|---------|---|------------------|----------|---------|----------|
| Path A | Social Entrepreneurship → Social Innovation | .4296 | 5.9341 | .0001 | Accepted |

The second proposed hypothesis was that there existed a relationship between social entrepreneurship and social innovation. The study results show that the direct effect of social entrepreneurship on social innovation is highly significant. This hypothesis is, therefore, accepted. The proved hypothesis is supported by literature (Sharma & Salwan, 2015). Fridhi (2021) also confirmed that there exists a significant relation amongst social entrepreneurship and social innovation.

Table 4:

Social Innovation and Sustainable Social Development

| Effects | Path | Path Coefficient | T Values | P Value | Decision |
|---------|--|------------------|----------|---------|----------|
| Path B | Social Innovation → Sustainable Social Development | .6518 | 7.2751 | .0001 | Accepted |

The third hypothesis was about the relationship between social innovation and sustainable social development. The study results show that the direct effect of social innovation on sustainable social development is significant. These results once again lead to the acceptance of this hypothesis. Previous studies have similar findings (e.g., Sharma and Salwan, 2015; Piccarozzi, 2017; Konda, Starc and Rodica, 2015). All these scholars theoretically confirmed that social innovation had an impact on sustainable social development.

Table 5:

Social Innovation in Relationship between Social Innovation and Sustainable Social Development.

| Effects | Path | Path Coefficient | Indirect Effect | Std Error | Total Effect | VAF | T Values | P Value | Decision |
|---------------|---------|------------------|--------------------|-----------|----------------------|-----|----------|---------|----------|
| Indirect With | SE → SI | .4296 | .2801 [§] | .072 | 0.7536 ^{**} | | 5.9341 | .0001 | Accepted |

[§] Indirect Effect: .4926*.6518=.2801

^{**} Total Effect: Indirect Effect + Direct Effect = .2801+.4735=0.7536

| | | | | | | | |
|----------|----------|-------|------|-----------------------|--------|-------|----------|
| Mediator | SI → SSD | .6518 | .089 | 59.155% ^{††} | 7.2751 | .0001 | Accepted |
|----------|----------|-------|------|-----------------------|--------|-------|----------|

SE= Social Entrepreneurship, SI= Social Innovation, and SSD= Sustainable Social Development

The above table presented significant results with the inclusion of the mediator variable in this research. The results indicated that social entrepreneurship has a significant relationship with social innovation at $p=.0001$ and t -value is 5.9341. While social innovation has a significant relationship with sustainable social development at $p=.0001$ with t -value at 7.2751. This model shows 59% VAF which shows the role of the mediator is accepted (Hair, 2014) as the 59% effect of social entrepreneurship on sustainable social development is explained through social innovation. In literature the relationship between social entrepreneurship, social innovation, and sustainable social development is already explored separately but the overall mediation effect of social innovation amongst social entrepreneurship and sustainable social development is a fresh addition to the body of knowledge on social entrepreneurship, social innovation and sustainable social development.

5.1. Conclusion

Developing countries like Pakistan is in the grip of battery of social issues and it is certainly not possible for government of such poor country to initiate comprehensive programs that could address all the woes of underprivileged. Few organizations that have tried to resolve these issues have employed old methodologies which are inefficient and incapable to deal with the critical social issues and serve the needs of society. It creates the need for new tools and approaches to cater to basic human needs. Social entrepreneurship is considered a productive tool to create new business models and strategies to serve a group of people on priority basis who are struggling in society for fulfilling their necessities of life. In the prevailing circumstances, social entrepreneurship is a potential avenue for Pakistan to extend relief against the social issues by improving the lives of marginalized group and swelling their economic well-being. Social entrepreneurial initiatives are required in Pakistan because it is an effective technique to satisfy the emerging needs of society. Social innovation introduces new ideas/ways/techniques or replicates old ideas in new business models of social entrepreneurial ventures and thus enormously helping in creating long-term impact at a broader scale. This innovation also contributes in project success and sustainability; and ultimately turns into sustainable development. Sustainability is the goal of social entrepreneurship and social innovation is important for the sustainable development of society. With the introduction of innovative and creative ways, it produces long-lasting results for managing societal issues at a greater level which transforming all the gains towards sustainable development. This study highlights the implication of social innovation in social entrepreneurial initiatives to achieve sustainable social development. Moreover, this study also presents the future needs and significance of social entrepreneurship in Pakistan. Since data was collected from social enterprises and NGOs taking social entrepreneurial initiatives all over Pakistan. So, the study findings can be applied on Pakistan's entire social enterprise sector and NGO sector engaged in social entrepreneurial initiatives.

5.2. Research Implications

This research has drawn significant results which have useful implications for the research purpose and for practice in academia, policymaking, public sector, for-profit, none-profit sectors. It further serves

^{††} VAF: Indirect Effect*100/Direct Effect = $.2801*100/.4735 = 59.155\%$

social bricoleurs, social constructionists, and social engineers. This study is applicable in social enterprises and NGOs taking social entrepreneurial initiatives in Pakistan. These findings are useful in the following aspects;

Previously, researchers were conducted on social entrepreneurship, social innovation, and sustainable development separately, but examining the mediating role of social innovation between the relationship of social entrepreneurship and sustainable social development offers a new perspective.

5.3. Study Limitations

Even though identification of mediating role of social innovation is a nascent development but this study has identified some limitations which are given below:

- i. This research study has collected data from the social enterprises and NGOs engaged in social entrepreneurial initiatives in Pakistan which were covered in the British Council's study conducted in 2016. The reason of selecting organizations from British Council's study is that there is no universal definition of social enterprise and varies depending upon countries' economic and welfare context, political environment, and legal frameworks (Raport, 2015). Defining social enterprises is challenging in Pakistan and that's why we have resorted on the work of a reputable institution like British Council to consider their list of such enterprises. There is no policy and legal environment for promoting social enterprise sector in Pakistan. Due to the lack of policies and laws, social enterprises are not registered with their unique status but are incorporated under century-old laws (Sustainable Development Policy Institute, 2016). Therefore, if this study would have covered the social enterprises other than the British Council's recommended one, then there would have been a need of survey for assessing that which organizations should fall under the British Council's definition of social enterprise and which one should not. This could have been time consuming, and up till now, no other study is conducted in Pakistan having developed a selection criterion. To our dismay, there is no database of social enterprises in Pakistan. Owing to the ground realities like lack of universal definition and legal policy of Pakistan, and unavailability of a database of social enterprises it was difficult at this stage to identify and categorize organizations called social enterprises. On these bases, social enterprises and NGOs taking social entrepreneurial initiatives were only taken from the British Council's study.
- ii. Insufficient information is available on social entrepreneurship, social innovation and sustainable social development in the context of Pakistan which causes a scarcity of literature.

5.4. Future Directions

In order to further explore the social entrepreneurship phenomenon, there are numerous areas for future research. Research on following aspects will extend literature on social entrepreneurship;

- i. Literature has proved that both social entrepreneurship and social innovation contribute in the creation of social and economic value, therefore, social and economic value creation variables can be added in future studies to find the critical path between social entrepreneurship, social innovation, social and economic value creation and sustainable social development.
- ii. Future research should explore the effects of the social entrepreneurial behavior of organizations and the impact of its performance in achieving social and economic mission.
- iii. Future researchers should examine internal and external factors of organizations that limit organizations to practices social innovation in social entrepreneurial ventures. Moreover, there is a need to explore factors which ensure the success of social innovation in social entrepreneurial initiatives.

iv. In Pakistan, social entrepreneurship is an emerging field; any research in this field will significantly contribute to the existing literature. There exists high scope for conducting more empirical studies by using the study variables and adding few more variables in the context of Pakistan.

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