

# *Identification and Development of Entrepreneurial Opportunities for Social Enterprises—Based on Event System Theory*

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**Abstract:** This study based on event system theory explores how social enterprises use critical events to recognize and develop entrepreneurship opportunities by summing up the response law of social enterprises to critical events. The result shows that, the response process of critical events is generally divided into five stages: event occurrence, public concern, social enterprise action, media promotion and government intervention. The occurrence of critical events provides opportunities for social entrepreneurship, and opportunities recognition and development through social enterprise action. Ultimately, the effective solution of social problems caused by critical events is an important result of the recognition and development of social entrepreneurship opportunities.

## 1. Introduction

Social enterprises solve social problems by innovative means and ensure the realization of economic benefits, which is an important force to provide social value and promote social sustainable development. In recent years, typical social enterprises have been emerging in China, which are committed to solving social and public problems. Their entrepreneurial inspiration and opportunities are often stimulated and inspired by some events, and promoted by some key events during their entrepreneurial process, thus affecting the development and decision-making of the organization. The key events in the concept of social enterprise originated from the focus of public attention and hot topics, and have evolved into social thorny issues. Social enterprises shoulder the responsibility and mission of solving social and public problems. On the one hand, their response to key events promotes the opportunity identification and development of enterprises, so as to achieve sustainable and innovative development. On the other hand, it promotes the solution of social problems, the improvement of policies and laws and regulations.

The initial inspiration of social entrepreneurs often comes from the occurrence of key events that can prompt social entrepreneurship. Event System Theory (EST) is an event-oriented theory that explains the impact of events on an organization. The intensity attribute mainly includes three characteristics: novelty, subversion and criticality, and the entity can judge whether the event is a critical event according to these three characteristics. Therefore, this paper is based on the event system theory as the basis for the selection of key events. How to utilize and respond to key events is the key for social enterprises and their entrepreneurs to identify entrepreneurial opportunities, develop opportunities, solve social problems, and realize social value missions.

At present, the research on the identification and development of opportunities for social entrepreneurship mainly focuses on the acquisition of external resources of social enterprises, ignoring the exploration of opportunities before the establishment of organizations and the utilization of existing resources at hand<sup>[1]</sup>. There are few studies on the event-oriented generation of entrepreneurial ideas, the identification and development of social entrepreneurship opportunities based on entrepreneurs' own cognition and knowledge base and existing social network resources. Based on this, this paper intends to analyze the response process rules of social enterprises through key events, so as to explore how social enterprises use key events to identify and develop entrepreneurial opportunities, in order to put forward suggestions on the identification and development of entrepreneurial opportunities of social enterprises.

## 2. Literature References

### 2.1. Opportunity identification and development of social entrepreneurship

Different from traditional entrepreneurial opportunities, which seek profit means and maximize profit, social enterprises take commercial operation as the means and realize social value as the mission. This difference between means and purpose makes the opportunity identification of social entrepreneurship fundamentally different from ordinary entrepreneurial opportunities<sup>[2]</sup>. Social entrepreneurship opportunities usually start from exploring unsolved social problems. Entrepreneurs identify and develop opportunities by evaluating the feasibility and innovation of entrepreneurial opportunities, exploring, analyzing and solving problems.

Entrepreneurial opportunity is a prerequisite for entrepreneurship<sup>[3]</sup>. SHANE<sup>[4]</sup> found in his research that the important factors affecting entrepreneurs' identification of entrepreneurial opportunities are their knowledge and information, and their rich industry background and experience can enable them to accurately identify opportunities and grasp the opportunities. KWONG et al.<sup>[5]</sup> found that whether social entrepreneurship opportunities can be transformed into actions depends on social entrepreneurs closely tracking changes in social needs and proposing innovative solutions, which requires entrepreneurs to be alert to entrepreneurial opportunities, which is an important factor in the identification of social entrepreneurship opportunities. ARENIUS et al.<sup>[6]</sup> believe that the social network possessed by entrepreneurs will affect their perception of opportunities, and the social network relationship will help entrepreneurs obtain support channels for opportunity identification and development. HAYNIE et al.<sup>[7]</sup>, based on the resource-based perspective, found that entrepreneurial opportunities that complement the knowledge of entrepreneurs are more attractive. After entrepreneurial opportunities are accurately identified, factors such as the perception of resources and social value creation are the keys to the development of social entrepreneurial opportunities<sup>[8]</sup>. Social entrepreneurship opportunities are essentially opportunities that will have a significant impact on the society, and successful development of social entrepreneurship opportunities can create considerable social value; But at the same time, social entrepreneurship opportunities are also limited by various social and institutional factors, and not every social entrepreneurship opportunity can be developed and utilized.

Previous studies on opportunity identification and development of social entrepreneurship mostly started from the perspective of resources, focusing on the important role of resources in entrepreneurial opportunities, while ignoring the factors that can promote the birth of social entrepreneurship. For example, combining the event system theory, we analyzed the degree of influence of events on the identification and development of social entrepreneurial opportunities. At the same time, what impact the response rules of social enterprises or entrepreneurs have on organizations and society is the focus of this paper.

## 2.2. Critical events and event systems theory

The key event in social entrepreneurship refers to the strong social problems caused by the intensification of the event and the accumulation of social contradictions after the occurrence of an event, and its essence is a social thorny problem. The occurrence of critical events is generally different from the usual events, and its fermentation time is long, the influence range is wide, and the coverage is higher.

The event system theory, proposed by Frederick, Terence and Liu Dong at the end of 2015, refers to a method in which the time, space and intensity of an event constitute a three-dimensional system to predict the changes brought about by the event<sup>[9]</sup>. The theory holds that the more novel, disruptive, and critical the intensity of an event, the more it is worth studying. Events are the external dynamic experiences of entities, which can be defined in terms of time, space, and intensity properties. In this paper, the intensity attribute of the event system theory is used to evaluate whether the event is a critical event.

The event system theory points out that the novelty characteristic of the event intensity attribute reflects the degree to which the event is different from the present and past behaviors, characteristics and events. The subversive feature refers to the subversion and disturbance of the development of the entity activities; Key characteristics determine how much attention an entity needs to pay to an event. Events will gradually appear or break out at a certain moment with the accumulation of the early stage and the passage of time, which plays an important role in the formation of thoughts, feelings and actions. The core of the so-called experience and law refers to the framework and procedure formed by the occurrence and processing of events. The intensity of the event includes: (1) novelty - the event has never occurred before but now appears suddenly; (2) Disruptive - sudden events that disrupt the original thoughts and actions of the person/entity experiencing the event; (3) Criticality - This event will make the entity pay more attention to the event and pay more, thus affecting the entity's intention and behavior. Therefore, according to the intensity attribute of the event system theory, this paper identifies the key events in the social enterprise experience events for analysis.

## 3. Conclusion and discussion

Based on the event system theory, this paper finds that the occurrence of key events provides inspiration for social entrepreneurship. Through a series of actions such as the establishment of social enterprises, opportunities are identified, exploited and utilized, and the effective solution of social problems caused by key events is an important result reflected in the identification and development of opportunities for social entrepreneurship.

In sorting out the development process of the event and the response of entrepreneurs and social enterprises to the event, it is found that the evolution process of the key event can be abstracted into five stages: the occurrence of the event, public concern, social enterprise action, media promotion and government intervention. (1) The occurrence of the event refers to the outbreak of social problems caused by the occurrence of a particular case; (2) Public concern means that after the outbreak of an event, through the fermentation of individuals, platforms or media, the process of the event becomes clearer and clearer, public contradictions are gradually intensified, and more people pay attention to and focus on the event; (3) Social enterprise action refers to the obligation of social enterprises to solve social problems, fulfill social missions and realize social values. When public problems are constantly raised and contradictions emerge, social enterprises should use their own resources and influence to help the government, the market and non-profit organizations come up with solutions; (4) Media promotion means that when social problems are clear, media reports can lead public opinion and expand influence, thus speeding up the solution of social problems; (5)

Government intervention means that when the social problem cannot be ignored and cannot be solved by the market itself, the improvement of laws and regulations and the introduction of government policies are the final solution to the social problem.

These five stages also reflect the process of identifying and developing entrepreneurial opportunities of social enterprises: the occurrence of an event gives entrepreneurs with relevant industry knowledge and information inspiration, and the entrepreneurs' alertness enables them to dig out entrepreneurial opportunities from the event; Entrepreneurs have a strong perception of social value, and they use the resources they have to get attention from the public, promote the fermentation of the event, bring influence to the event, but also create a buzz for the next entrepreneurship. Social enterprise action is a process in which entrepreneurs with social value perception use social network and other resources to develop opportunities and solve social problems. The identification and development of entrepreneurial opportunities of social enterprises promote the intervention of the media and the government, and social problems can be solved.

By analyzing the response process of social enterprises to key events, this study aims to provide inspiration for how social enterprises can use key events to identify and develop entrepreneurial opportunities and solve social problems:

(1) Comparing with commercial enterprises' pursuit of profit opportunities and profit maximization, the business opportunities pursued by social enterprises are the source and cause of social problems. Therefore, the outbreak of key events gives entrepreneurs the opportunity of social entrepreneurship, and exploring the causes of events and seeking the key problems is to create opportunities for social entrepreneurship. Therefore, key events are the inspiration pursued by social enterprises, and social enterprises should take the initiative to discover and solve problems in order to accurately grasp entrepreneurial opportunities.

(2) Actions at different stages of the development of events will produce different effects. Social entrepreneurs should have strong alertness and acuity, and seek the best action time according to the law of the response process of key events, so as to maximize the development of entrepreneurial opportunities, which is conducive to the solution of public problems and the expansion of corporate influence.

(3) The effective solution of social problems is an important result of the utilization of entrepreneurial opportunities. The social problems caused by the key events have been effectively solved by the intervention of the media and the government, which reflects the success of the social enterprise action, and proves that the correct identification and development of an entrepreneurial opportunity is an important result of the utilization of social entrepreneurship opportunities. With the promotion of media and the introduction of policies and other influences, social enterprises can shape the reputation and reputation of enterprises, expand the social network, so that social enterprises can obtain more resources and support in the process of identifying and developing entrepreneurial opportunities and solving social problems.

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