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TERRORISM AS FORM OF SOCIAL ENTREPRENEURSHIP

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Abstract

Terrorism is linked with some form of social entrepreneurship. In order to ensure the survival of terrorist organisations, terrorist must acquire entrepreneurial and managerial skills and take over some business strategies. The view of terrorists as entrepreneurs is not new. Unlike traditional entrepreneurs, leaders of terrorist organisations are not motivated by profits. They are motivated primarily by social returns and have to operate with diferent stakeholders, the government, the army, non-governmental organisations, and even other criminal organisations, because only through funding can they gain and maintain the support of the community for which they fight. The leaders of terrorist organisations using their entrepreneurial and manegerial skills they use propaganda to attract human and financial capital. The collected funds are used to finance its actions that represent actions for the public good to the communities they represent. This paper presents a view on linking terrorist organisations with social entrepreneurship.

Keywords: social entrepreneurship, terrorism, terrorist organisations

1. INTRODUCTION

Social entrepreneurship in the past decade garnered particular attention from policy makers, academics, practitioners, and the general public. It is important tool to tackle social challenges and to respond to them when the market and the public sector do not. Social enterprises and social entrepreneurs create innovative initiatives and solutions to unsolved social problems, putting social value creation at the heart of their mission in order to create benefit to different individuals, ‘communities’ and other groups. Analysis of theoretical and empirical studies allows to state that there is variety of attitudes on social entrepreneurship topic. Chowdhury and Santos (2010), Perrini, Vurro and Costanzo (2010) pay attention for further research of social enterprises scaling-up stage, Perrini, Vurra and Costanzo (2010) for explanation of factors influencing development of entrepreneurship initiatives. Others researchers state the importance of social value creation and argue about lack of research in social entrepreneurship process and social initiatives development (Sundaramurthy, Musteen, and Randel, 2013; Weerawardena and Mort, 2012; Mair and Martí, 2006; Santos, 2012). Austin, Stevenson and Wei-Skillern (2006) confirm that evaluation of social entrepreneurship as activity, its inputs and gained impact is complex, complicated, and not metered process. As there is no unified attitude to development of social entrepreneurship initiatives, there is a need for further research at this point (Perrini, Vurro, and Costanzo, 2010).

Terrorism is increasingly linked with social entrepreneurship. Definition of social entrepreneurship consists of two components: entrepreneurship and entrepreneurial spirit that drives the creation of social enterprises. Without it, they would not exist. In order to claim that terrorism, specifically terrorist leaders, are social entrepreneurs, one must first demonstrate their entrepreneurial orientation. One might be tempted to assume that terrorist leaders are entrepreneurs given that they star terrorist enterprises. The second component of social entrepreneurship requires that it serve social needs. While many scholars have suggested that terrorist enterprises operate in a manner quite similar to nonprofit organisations, the answer to this part is not straightforward. There are two ways to determine whether terrorist groups constitute social enterprises. The first strategy examines their organisational structure. The second strategy focuses on their output.

The field of terrorism studies has explored many different aspects of terrorist organisations. Various studies have employed strategic, organisational, and psychological frameworks to understand the motivation behind the formation and decision making of the terrorist groups. (McCormick, 2003). Yet, no single theory has emerged as dominant in the field, and many aspects of terrorist activities and even the very definition of terrorism are still subject to debate (Hoffman, 2006). The view of terrorists as entrepreneurs is not a new, there are still not many scientific papers on this subject. Similar to traditional entrepreneurs, terrorist leaders devise an organisational structure, attract both human and financial capital, design and implement a strategy, and so on (Rapoport, 2001). They seek out new opportunities, take risks and innovative, if only to ensure organisational survival. Terrorist leaders are not motivated by

profits like traditional entrepreneurs. Their goals are ultimately ideological. In this paper, the authors will try to explore whether it is terrorism or a terrorist organisation form of social entrepreneurship.

2. THE TERRORISM AS SOCIAL ENTREPRENEURSHIP

The social entrepreneurship is quite new and complex phenomena. Various authors provide different definitions of social entrepreneurship. In them components range from social justice, social value, viable socio-economic structures, forging a new equilibrium, employing innovation, entrepreneurial skills, market gaps, solving social problems, to social entrepreneur as a change agent (Zahra et al., 2009). Michael Porter in his interview even associated social entrepreneurship with new, future order, so called transformational capitalism, as social entrepreneurship creates shared value (Driver, 2011). Social entrepreneurship is beneficial for society as it is as one kind of social innovation and might bring benefits to various stakeholders: for business - rise in incomes and profits, customer's volume, loyalty and satisfaction, business reputation; for the social targeted groups: reduction of unemployment and social exclusion of social targeted groups; for the state: favourable public opinion, reduced pollution and the state's image" (Lauzikas and Cernikovaite, 2011).

Social entrepreneurship development, the emergence of it internationally is influenced by the three main factors – the demand (public desire for social services/products, as customer or user), the supply (social entrepreneurs) and third – because of the environment and institutional factor that influence the previous two factors (Chell et al., 2010). The social entrepreneurship phenomenon in the world has gained momentum and as argued by Kostetska and Berezyak (2014) for social entrepreneurship development, its promotion and expansion in the world various foundations, organizations are being established, such as the „Schwab Foundation for Social Entrepreneurship" in Switzerland or the „Ashoka Foundation" in India. However, social entrepreneurship is still a growing area for scientific research and the social entrepreneurship theory is still in the stage of conceptualization (Greblikaite, 2012). Certo and Miller (2008) highlighted few directions for researchers from different disciplines – in education for social entrepreneurs, in their characteristics and performance improvement examination, as well as networks and the importance of venture capital considerations, and value creation of social entrepreneurship. We can state, that different countries have different social entrepreneurship coverage specifics. Chell et al. (2010) argues that even in Europe there is variation in the social entrepreneurship elaboration. So in each country with different influenced factors is likely that there will also be variations in social entrepreneurship situation: drivers, opportunities, challenges and different trajectories and success stories of social entrepreneurship initiatives development.

Social entrepreneurship intentions and initiatives usually come from subjective norms and attitude (Prieto et al., 2012). Social entrepreneurship

initiatives development is a process, where social entrepreneurs as main actors, with certain skills are seeking to create social value (Adomaviciute et al., 2012). They are influenced by the environment that enhance and stimulate social entrepreneurs to take initiatives (Oana and Shahrazad, 2013) and innovations, that play one of the crucial role in the social entrepreneurship and its initiatives (Datta, 2011).

Researchers, authorities and large enterprises worldwide are giving more attention to the social entrepreneurship; it seems that it is a new transformation of market and society, a great rearrangement of doing business. For example, Government of the United Kingdom has provided a new method of funding social entrepreneurship initiatives (Tulba, 2014). One of the IT sector leaders - Google - has launched social entrepreneurship initiatives in various fields (Dees, 2007). However situation in Central and Eastern European countries, including Lithuania, lags behind and it needs to be changed in order to gain stability of society, to fulfil the market need, to change the perception of business, to reach commitments to European Union and achieve given objectives (Sekliuckiene, Kisielius, 2015, pp. 1017).

Definition of social entrepreneurship consists of two components. The first component is entrepreneurship (Roger, Osberg, 2007, pp. 29). The fact that its goal is to serve social needs rather than maximize profit may obscure its entrepreneurial nature. Yet, it is the entrepreneurial spirit that drives the creation of social enterprises. Without it, social enterprises would not exist. Thus, in order to claim that terrorists, specifically leaders, are social entrepreneurs, one must first demonstrate their entrepreneurial orientation. One might be tempted to assume that terrorist leaders are entrepreneurs given that they start terrorist enterprises. Although, not all enterprise owners are entrepreneurs. Literature on entrepreneurship differentiates between entrepreneurs and so-called shopkeepers based on their rationale for opening a business (Audretsch, Thurik, 1999). Shopkeepers start businesses primarily due to lack of other choices. They might prefer employment in another business to owning their own but for various reasons have no access to it. Consequently, their businesses rarely grow beyond one or two employees. Entrepreneurs, on the other hand, are motivated by the desire to seize an opportunity and capture profits. They often have access to other employment. Therefore, starting a business is clearly a matter of choice for them. They are also motivated to grow their businesses both in size and revenues.

The second components of social entrepreneurship requires that it serve social needs. While many scholars have suggested that terrorist organisation operate in manner quite similar to nonprofit organisations (Stern, 2003, pp. 142), the answer to this part is not straightforward. There are two ways to determine whether terrorist groups constitute social enterprises. The first strategy examines their organisational structure while the second strategy focuses on their outputs

The most distinctive characteristic of nonprofits is that they operate under the constraint of non-distribution of profits (Anheier, 2005., pp. 40). Redistribution of profits is limited to the staff of the organisation. No profits

accrue to the founders or donors. Thus, it is fair to say that the individuals who participate in the establishment of a nonprofit organisation do not do so with the explicit purpose of earning a profit (Abdukadirov, 2010., pp. 605). None of the profit is normally distributed to the donors of the organisation beyond the equivalent of salary and amenities. Thus, terrorist organisation operate under the non-distribution constraint (Abdukadirov, 2010., pp. 605).

Recent studies, indicate that social entrepreneurship encompasses a broader category of entities, which is not limited by profit status (Peredo; McLean, 2006., pp. 61), than its defining characteristic is the use of innovative strategies to create social value. At least one of social enterprises goals is increasing social value. Social value is an abstract, hard to measure concept. Thus, it is unclear what exactly social enterprises maximize in order to increase social value. According to supply theory, social entrepreneurs are interested in increasing social value through their activities. They maximize the social value created by the organisation via maximizing its output.

The second strategy as we mentioned is examining their output. Social enterprises focus on public goods. The two key concepts that differentiate the types of goods are excludability and rivalry. Excludability refers to the ability of owners of a good to prevent others from consuming it, while rivalry indicates that the use of a good by an individual reduces the potential use of the good by others. The immediate output of terrorist organisation is symbolic violence (McCormick, 2003., pp. 474). What complicates the classification of the output of terrorist organisation is the fact that violence is committed by a variety of organisation for a variety of purposes.

The dual nature of the goals of the social enterprises raises a question whether such enterprises possess characteristics distinguishing them from regular enterprises. Given that the research on social entrepreneurship is still in its infancy, the debate over this issue is far from settled. Some scholars claim that social entrepreneurship occupies a separate domain (Dees, Emerson and Economy, 2001.), while others believe it should be analyzed within the general framework of entrepreneurship (Dorado, 2006.). The debate is further complicated by the broad spectrum of organisations that fall into the social entrepreneurship category (Austin, Stevenson and Wei-Skillern, 2006., pp. 3). Dual bottom line enterprises, maximizing both profit and social value, may behave in ways quite similar to commercial enterprises. The lower the importance of social returns in the enterprise's mission statement, the less distinguishable it will be from regular firms.

3. METHOD

The paper is built on the analysis and synthesis of scientific literature which enable to describe the linkages of social entrepreneurship and terrorism. Literature analysis was conducted and based on results a theoretical framework was proposed for further research. The conceptual model is build based on

input-process-output logic model. Main variables based on theoretical analysis were identified. Inputs are contextual factors; processes are activities based on social entrepreneurship approach, such as social and entrepreneurial affiliation and terrorism as well as differences between social and private enterprises; and outputs that arise from inputs and processes are benefits generated by activities such as social value and opportunities for further development of terrorist organizations as social enterprises.

4. RESULTS

The process of social entrepreneurship initiative development covers several stages: context, processes and results. The importance of context was analysed by Grimes, McMullen, Vogus, and Miller (2013), who stated that first of all it is necessary to explore the environment and conditions that provide opportunities to address social problems by social entrepreneurship initiatives. The role of social entrepreneur in social entrepreneurship initiative development was highlighted by Zahra, Gedajlovic, Neubaum, and Shulman, (2009). They argue that social entrepreneurs create a significant impact to their communities - by using business models they provide solutions for difficult and complex social problems.

The main goal of terrorism: to disrupt ordinary life, foster fear and helplessness in the population, undermine public faith in the authorities, and, ultimately, to change government policy (Peleg et al., 2011; Waxman, 2011; Spilerman and Stecklov, 2013). It is important to distinguish between two types of terrorism; the first is a single-occurring, large-scale terror incident, such as the 1995 Oklahoma City bombing, the 2001 September 11 attacks, and the Madrid (2004) and London (2005) bombings. These are usually massive incidents with a significant impact on the affected society. In some cases, the specific disaster can evolve into a catastrophe with extensive implications on social life (Siman-Tov, Bodas and Peleg, 2016., pp. 76). The second type of terrorism involves recurring incidents or ongoing terrorism (also known as “chronic terrorism”). Examples of this type of terrorism have been encountered in Israel, Iraq, Afganistan, Chechnya, and other places around the world.

Similar to traditional entrepreneurs, terrorist leaders devise an organizational structure, attract both human and financial capital, design and implement a strategy, and so on. They seek out new opportunities, take risks and innovate, if only to ensure organisational survival. Yet, unlike traditional entrepreneurs, terrorist leaders are not motivated by profits. Their goals are ultimately ideological. Consequently, their decision-making process differs from that of traditional entrepreneurs.

Terrorist leadership clearly exhibits entrepreneurial characteristics. Leaders of terrorist organisation in most cases come from a well off segment of society. For example, most of the leadership of Al Qaeda’s network came from middle-to upper-class families and had higher education (Abdukadirov, 2010, pp. 604). They normally have highly favorable career prospects compared to

the rest of population. Consequently, for them starting a terrorist organisation is a matter of choice. Intensive recruitment drives of most terrorist organisation further point to their desire for growth.

Terrorist organisation lie on a continuum of criminal organisation ranging from profit-oriented criminal gangs to highly ideological terrorist groups (Dishman, 2001., pp. 47). Criminal gangs utilize the profits for personal benefit. Terrorist organisation use the profits to finance terrorist activities. Yet, there are many examples of terrorist leaders siphoning off considerable amounts of organisational funds for personal use (Stern, 2003., pp. 213). Thus, the level to which the profits are used to finance the main terrorist activity is a function of the social orientation of the leadership.

Regardless of their social orientation, operations of the vast majority of terrorist organisation are completely criminal. Hamas is a rare exception. While most of its time and resources are devoted to terrorist violence, a substantial part is spent on running hospitals, educational programs, and other social welfare programs for ordinary Palestinians in Gaza. This may be less surprising when one considers the organisation's origins. Islamic Center (al-Mujamma al-Islami), a precursor to Hamas, was founded as a nonprofit in 1973 (Mishal and Sela, 2000., pp. 19). Its mission from the inception has been to provide social services to the Palestinians in Gaza. It was only during the First Intifada of 1989 that the organisation has radicalised and established Hamas as its military wing—all while continuing to provide social services.

5. CONCLUSION

This paper argues that terrorism can be viewed as social entrepreneurship as a terrorist organisation also can be viewed as social enterprises. Leaders of terrorist groups act as classic entrepreneurs. They constatly innovate and adapt to their environment. They change their tactics and targets as well as find new sources of funding and supplies. They are alert to opportunities and are willing to take risks to seize those opportunities. In fact, given the environment in wich terrorist groups operate, entrepreneurial orientation is crucial to their survival. The view of terrorist groups as enterprises, however, raises a number of questions on the nature of such enterprises, which in turn is determined by the nature of their main output. Terrorist groups pursue social returns rather than profit. They justify use violence in terms of defending the interests of a larger community against an oppressive force. Such violence can be classified as a public good, as its benefits are intended for a larger community rather than the members of terrorist groups.

Different theories apply to different types of terrorist organisations. Public goods theory is more applicable to national separatist and social revolutionary groups, whereas supply-side theory is better suited for religious and right-wing terrorist organisations. Interpendence theory points to the frequent involvement of governments in the support of terrorist organisations.

It is important to note that this paper does not suggest that terrorist organisations are nonprofits that simply espouse extreme ideologies. One can easily find nonprofits that support extreme ideologies, but that alone does not make them terrorist. The nonprofits community, which includes most social enterprises, strongly opposes equating nonprofits with terrorists for legitimate reasons.

Terrorist violence, the output of terrorist organisations, is explicitly criminal. Thus, much the same way criminal gangs are not equated with legitimate firms, terrorist organisations should not be equated with nonprofits. That said, functionally terrorist organisations do operate as social enterprises. Thus, one can apply the same theoretical framework to gain insights about terrorist organisations.

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