



## A Case of Noor Arfa: The Corporate Social Entrepreneurship (CSE)

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### ABSTRACT

The pressures between the economy and community development increase corporate social responsibility activities, which are more than a strategy to improve a company's corporate image and reputation. Therefore, organizations must provide different options and approaches to increase their contribution to community engagement program. This study has investigated the societal contributions made by organization undertaking entrepreneurial activities. More specifically, this study examines how Corporate Social Entrepreneurship (CSE) can provide long-term societal contributions. The study consists of an intensive case study on Noor Arfa, a Corporate Social Entrepreneurial firm started by Terengganu Batik Industry, to address the social issue of youth unemployment in Terengganu. Noor Arfa hires unemployed young adults to provide them with work experience and training. The study conducted qualitative interviews with CEOs, supervisors and trainees at Noor Arfa and performed observations during one day at Noor Arfa. The study resulted in a proposed model for CSE derived from the empirical findings and entrepreneurship literature. Significant contributions are the critical presence of a business and a social dimension required to be aligned for CSE to provide long-term societal contribution successfully. The underlying factors that affect these dimensions are also presented as well as the values generated through CSE. Additionally, new insights are presented in terms of challenges and opportunities that face a Corporate Social Entrepreneurial organization.

**Keywords:** Corporate Social Responsibility; Reputation; Batik; Corporate Social Entrepreneurship; Image

## Background

As we know that, during the last decade people have been able to read a vast amount about various scandals concerning social issues, the environment and the organizations abuse of power. This in turn have resulted in high tensions between business and society, where organizations have been made responsible for various economic, social and environmental crises. At the same time, the broader community consider organizations to prosper at the expense of society.

Bowen (2013) understood the enormous power possessed by large firms and how their decisions and activities affected society already in the 1950s when he developed the concept of Social Responsibility (SR). Bowen (2013) argued that business people have to create value for society and take responsibility for their actions. Davis (1960) further developed the concept of SR in the 1960s. He argued for the importance of long-term planning to maintain sustainable growth, sustainable use of capitals, and the significance of giving back to society. Friedman (1970) joined the debate in 1970 and questioned the concept of SR, where he argued that the only responsibility business has to generate profit without breaking the law. During the 1980s, more empirical research is performed, and fewer new definitions were presented, whereas a lot of alternative concepts started to develop, such as business ethics theory and stakeholder theory (Carroll, 1999).

This demonstrates that the idea of socially responsible business practices has been around for decades, where Social entrepreneurship is a concept that has been developed over time. Social Entrepreneurship - Where traditional financial entrepreneurship focus on value creation for the entrepreneur, the concept of social entrepreneurship goes beyond merely economic value creation and emphasizes the value that is returned to society, satisfying multiple stakeholders and methods for sustainability. The mission, and the reason for the enterprise's existence, is to create environmental and social value. However, economic value creation is crucial in the long run for the enterprise to stay in business. Social entrepreneurship is built on the same principles as traditional entrepreneurship, meaning that the entrepreneur possesses the opportunity recognition, determination and motivation to take full advantage of that opportunity. What sets apart from the social entrepreneur an entrepreneur aims to create value that benefits a targeted segment of society or even society as a whole (Halberstadt *et al.*, 2021). Social entrepreneurship has become an increasingly important phenomenon of the last decade. Some scholars connect this to a socially aware group that is sceptical about businesses 'and governments' ability to deal with social issues such as social exclusion and the environment (Zhang *et al.*, 2021).

*“Social entrepreneurship, we believe, is as vital to the progress of societies as is entrepreneurship to the progress of economies, and it merits more rigorous, serious attention than it has attracted so far.”*

Martin and Osberg (2007, p. 39)

Corporate Social Entrepreneurship (CSE) - The growing concern from society about the organization's impacts on the general environment and recognising their effects on society has led to several ways to take more responsibility. Today, Corporate Social Responsibility (CSR) is a widely used, constantly evolving term that influences more and more organizations' way of thinking and their every day approaching businesses. However, CSR has also been criticized as a tool used for marketing and a way for organizations to clear their consciousness without taking any responsibility for their actions (Urmanaviciene & Arachchi, 2020).

An alternative way of giving back to society is Corporate Social Entrepreneurship (CSE). However, there is a lack of literature within CSE, where most of the research focuses on the individual as a corporate social entrepreneur in an organization. In the book Corporate Social Entrepreneurship, Hemingway (2013) further states that she was the first to give a notion to the concept of CSE in her article from 2005, and in she develops her book the concept of CSE as individuals within the organization acting as moral agents. It is the growing field of research within corporate entrepreneurship but emphasizing the lack of research on how to apply social entrepreneurship to the realm of corporate entrepreneurship. Finally, there are few contributors to the topic of CSE in academia, and there is little empirical research of it as a business concept. Hence, there is a need for further research on the topic to increase the understanding of what CSE is and what it accomplishes (Silvestri & Veltri, 2020). Furthermore, researchers argue that the social perspective of sustainability is underdeveloped, and the focus within the literature is on sustainability regarding the natural environment.

## **PROBLEM STATEMENT**

Fifty per cent (50%) of companies thought that companies should be very or entirely responsible for improving the communities in which they operate and improving education and skills. One can argue that to develop more sustainable business practices and make genuine and lasting contributions to society. It is critical to provide businesses with the right tools to do so.

Organizations need different ways and approaches to increase their societal contribution. Therefore, this case study project will investigate the underdeveloped concept of CSE and how a company uses a CSE to take their social responsibility. The previous research has focused on the individual to act as a moral agent with personal

values to drive the business towards better societal contribution. Not enough focus has been placed on the organization itself to act in a social entrepreneurial way. The need for scholars is further to increase the understanding of CSE and its underlying concepts. To contribute to the field of research within CSE, we need to understand how organizations can use CSE to tackle social issues. Furthermore, the opportunities and challenges faced by companies practising CSE need to be identified to provide further guidance in the topic to be used by both businesses and future research.

This case study project intends to investigate the societal contributions of organizations undertaking entrepreneurial activities. The purpose of this case study project is to examine how CSE can provide long term societal contributions. Further, we aim to explore the opportunities and challenges of engaging in CSE. How does work in Corporate Social Entrepreneurship practice to provide long-term societal contribution? How is shared value created by an organization built on Corporate the concept of Social Entrepreneurship? What opportunities and challenges face a Corporate Entrepreneurial Social organization?

### **Contributions**

This case study project contributes academically by presenting how organizations can increase the societal contribution by undertaking entrepreneurial activities. There is a lack of previous empirical no other evidence and case studies have been found at the point of writing this case study project, therefore we provide an increased understanding of what exactly it is and how CSE functions. We specifically present how CSE is able to create value both for the business itself at the same time as it contributes to a better society. Practically this case study project assist decision-making for managers in their work towards long-term societal contribution and how to create shared value and also provides empirical evidence with future research within the field of CSE.

### **Terengganu Batik Industry**

Terengganu is famous for its beautiful batik designs. Batik is a fabric dying method by using wax to create designs and patterns. In Terengganu there are basically 2 types of batik, the hand drawn and the stamped block printed batik (Lias *et. al*, 2020). Lately there is also the machine printed batik. Batik is a generic term refers to the process of dyeing fabric by making use of wax in resistance patterns on cloth in resulting the amazing, unpredictable texture and tones. It is an ancient craft that thought to be well over thousand years old. The rapid development caused the traditional art craft to be evolved into an art. Each piece of batik is designed on theme inspired from the natural environment, fauna and flora and abstract pattern. The industrial and business development in Terengganu resulting the modern Batik industry and is attracting thousands of tourists (Sobri, & Legino, 2020).

The hand drawn batik uses a special copper pen called the "*canting*" which is filled with melted wax and drawn across the cloth to create patterns and designs. When the wax outline is done, the artist uses a brush to paint the color dyes within the outline. This enables the artist to vary the colour hues and shades for the design. When the color is dry, a layer of sodium silicate is applied to the fabric to fix the colour and left for at least 4 hours. The wax areas resist dye. The cloth is then boiled in warm water to get rid of the wax. Hang the batik fabric to dry (Kari, 2020).

The stamped batik goes through the same process as hand-drawn batik. The only difference is that the canting pen is now replaced with copper or wooden stamp blocks bearing artistic patterns at the bottom. Various types of cloth are used for batiks, such as cotton, rayon, viscose and silk. The price of a batik depends much on the type of cloth it is made and the type, whether it is hand-drawn or stamp printed. Stamp printed batik does not use an intricate design like the hand-drawn batik. The hand-drawn batik bears exclusive design and takes more time to produce. As such, hand-drawn batik is much more expensive than stamp printed batik.

### **The Spirit of Social Responsibility in Terengganu Batik Industry**

Social commitment permeates all of Terengganu Batik Industries business and companies. It has become a natural way of building all their activities around social commitment and places them at the forefront of social commitment and engagement in Terengganu. At Terengganu Batik Industry, there is nothing wrong with generating a profit and at the same time taking in responsibility for the development of the community. Instead, they see social responsibility and sustainability as an integral part of the development of the business as well as at the core of the business idea (Terengganu Batik Industry, 2014a). Hence, the social commitment is at the core of Terengganu Batik Industries' vision, a vision that applies to all its companies and states that: "*We combine business and social benefit, and together we change the worldview*" (Wan Mohd Azwan – *Marketing Director Noor Arfa*, personal communications, 2020-10-21).

### **Different Ways of Acting Responsibly**

Terengganu Batik Industry mission is to make it better, easier and funnier to live and act in Kuala Terengganu. Wan Mohd Azwan states that they exist because of their community engagement, they want to make Terengganu more attractive and sustainable (Personal communications, 2020-10-21). In line with their mission, Terengganu Batik Industry is working actively to have a positive impact on society and the environment. As for the environmental aspect, all of Terengganu Batik Industry, including all companies are ISO 14001 certified. Their environmental policy concerns a continuous work towards increased

emissions from their operations and more efficient use of resources. Their commitment to decrease their environmental impact started already in 1980 when they engaged in the development of applied "*canting batek*" and has since then applied an entrepreneurial mindset continue to tackle various environmental issues.

In concern to the social commitment undertaken by Terengganu Batik Industry, they are actively working to create a better environment for the inhabitants of the state government. The state government faces high unemployment rates, especially among young people, and a high proportion of the inhabitants are immigrants or from minority groups, the state government is highly segregated (Wan Mohd Azwan, personal communications, 2020-10-21). These are large problems, bringing about a lot of bad publicity to the city, which neither the state government nor Majlis Bandaraya Kuala Terengganu (MBKT) has been able to solve properly. As Terengganu Batik Industry recognizes their role in society, they have taken upon themselves to try to tackle these issues through a set of different activities. The most successful ones are the companies Noor Arfa Batik, in which both businesses are built around bringing together people from different cultural backgrounds and help the ones in difficult situations to get a chance to participate in the labor market and in the community to a larger extent.

### **Combining Business with Social Responsibility and Long-Term Commitment**

A common strategy found throughout Terengganu Batik Industry's activities is the purpose to combine business with social benefits and the aim for long-term solutions. Wan Mohd Azwan explains the reasons behind these strategies as essential parts to be able to solve the issues faced. By combining business with social benefit Terengganu Batik Industry has the ability to achieve greater impact in the sense that the subsidiary or business activity can support itself and hence last longer (Personal communication, 2020-10-21). Instead of funding projects, which often ends when the funding stops, having a business with a social mission that supports itself extends the time it exists as well as attracts more parties that can get involved as the business grows. This is also the reason for the aim of long-term solutions because when the funding of particular projects stops and when the money allocated is spent, the project stops. However, the problem keeps on existing (Terengganu Batik Industry, 2014b). By aiming for a long-term alternative, the greater the chance is to overcome the problem. The core values of Terengganu Batik Industry, stated by Wan Mohd Azwan as being personal, simple, open and brave, play a big role in the decision of strategy (Personal communication, 2020-10-21). Both Wan Mohd Azwan and Wan Mohd Affendi – *Producing Director*, being brave point out as the single most important aspect of the success in the social benefit achieved through their activities, especially in Noor Arfa Batik (Wan Mohd Azwan & Wan Mohd Affendi, personal communications, 2020-10-21).

## Noor Arfa Batik

Noor Arfa is a pioneer of the much-acclaimed batik industry in Malaysia. Noor Arfa Batik is reputed to be the leading batik industry player in Malaysia and has many times participated and organized fashion shows around the world showcasing its beautiful and fine quality batik outfits (Romli *et. al*, 2018).

The Noor Arfa story has a humble beginning in 1980 in a small atelier in Kuala Terengganu when the husband-and-wife team of Wan Mohd. Ariffin and Noor Hijerah started designing and hand-drawing their own batik cloth. The venture, known as Noor Arfa, is an acronym derived from the combination of the names of this young and enterprising couple. It was soon destined to grow by leaps and bounds to the multi-million-dollar corporation it is today.

But success did not come without painstaking patience and hard work. Always improvising and striving for the best in batik designs, Noor Arfa won the admiration and recognition from the local community for their meticulous design and high-quality fabrics.

Already, Noor Arfa has achieved the status and rare distinction of being the largest batik producing in the country, with distribution centre spread throughout the nation. The factory itself occupies a sprawling 2.5 acres site in the Cendering Industrial Area of Kuala Terengganu. It houses not only the manufacturing facility but also one of Malaysia's largest batik showroom at (Lot 1048-K, Chendering Industrial Area, 21080 Kuala Terengganu, Terengganu Darul Iman, Malaysia). It is frequented daily by bus loads of tourist eager to see the best batik the idyllic state of Kuala Terengganu has to offer. Their showroom and marketing office in Terengganu is located at this address Noor Arfa Craft Complex, Lot 4153, Cendering Industrial Area, 21080 Kuala Terengganu, Terengganu Darul Iman, Malaysia.

With a strong force of more than 200 employees Noor Arfa continues to strive for par-excellence in meeting the discerning taste of every customer. This commitment pledge from the onset has been held steadfastly through their almost 2 decades in the traditional batik industry. The company has been manufacturing Batik for the global market for more than 30 years.

*"Actually, our role in society is two-fold, one perspective is that we are promoting Terengganu batik all over the world and our experts are often praised for doing a good job. And maybe the most important part, we are helping young adults to get off the streets. There are areas here in Terengganu that are pretty exposed to gang activity and other criminal activities and a lot of our trainees are from these*

*areas. Not everyone of course, but some are. There is a major risk that these people end up in criminality and if we can get these people integrated in the labor force and get them to pay taxes is a major achievement."* Wan Mohd Ariffin Wan Long – *The CEO of Noor Arfa*, personal communication, 2020-10-21.

The following goals were created for Noor Arfa Batik:

- Within three years help to decrease the unemployment of young adults in Terengganu by 50 percent and put 600 young adults into work.
- Create a national debate about how unemployment of young adults could be lowered and show new solutions.
- Turn Terengganu into an innovative society where new exciting solutions and creation of unconventional co-operations and develops new businesses with the direct aim of lowering the unemployment of young adults.
- Show that it is possible to create a venture addressing young adults in a commercial and long-term way.

The idea of the company's activities is to employ unemployed young adults within the area of Kuala Terengganu. The unemployed young adults whom employ Terengganu craft industry will be referred to as trainees in this case study project. The trainees will be trained by Noor Arfa Batik and then be available for hire to companies within Terengganu, these companies will be referred to as clients. Noor Arfa Batik assists trainees with their coaching, training and education that increase the chance to get employment and drive up their self-esteem. The main purpose is that the trainees increase their experience, knowledge and networks that will lead to future employment.

### **Social Responsibility at Noor Arfa Batik**

*"To make it on your own and being independent, that is what we are trying to prepare them for and what we are trying to help them become. Because this is the very most talented trainees, some of them want to become this. For us it is important to give these people a chance, because most of the time they come here with the mindset that, I will file anyway so it does not matter what I do. That is why it is important that we are patient and show them that this is not the case. That is our most important task"* - Wan Mohd Affendi, personal communication, 2020-10-21.

Officially Noor Arfa Batik follows the same vision as the whole Terengganu Batik Industry, *"We combine business and social benefit, and together we change the worldview"* (Wan Mohd Azwan, personal communication, 2020-10-21). However, an internal, unofficial, vision exists within People of Terengganu, which they are working towards and



that is to reduce the youth unemployment with 50% in Terengganu. The internal vision of Noor Arfa Batik and the purpose of the subsidiary are based on the apparent problem with youth unemployment in the city and the lack of responsible parties within the state government to tackle it. Hence, based People of Terengganu on this vision was created. Wan Mohd Affendi clearly points out the problem of youth unemployment and the lack of progress in fighting it as the foundation of this vision and the whole subsidiary. They had a belief that they could contribute in a good way and saw an opportunity in how to tackle this issue in a sustainable way through business practices:

*"I did an investigation in different projects in Terengganu and found 25 to 30, but none of them towards the youth (...) we saw an obvious problem, there were unemployed young adults (...) so the easiest way was to do something about it ourselves, right away"* (Wan Mohd Affendi, personal communication, 2020-10-21).

The mission of Noor Arfa Batik is to create a platform of how the issue of youth unemployment can be solved and present new solutions, as well as encourage other companies to take their social responsibility. To create this debate, Noor Arfa Batik offers a completely unique approach to youth unemployment; in collaboration with businesses. This has proven to be a successful approach as many municipalities have expressed their wish to start something similar (Wan Mohd Affendi, personal communication, 2020-10-21). The model has also been praised by the Terengganu government, which states that this original correlative most likely will help reduce youth unemployment in Malaysia.

In order to pursue the vision and accomplish the mission, Noor Arfa Batik has changed their possible way of approaching clients. When Noor Arfa Batik started, there were a lot of emphasis on how to generate awareness, according to Wan Mohd Azwan (Personal communication, 2020-10-21). As Noor Arfa Batik became more recognized, they have modified the approach to an even greater focus on doing social good. However, the selling profile adapted in the beginning is now starting to pay off; companies are starting to approach Noor Arfa Batik, asking for their services since the awareness of their business has increased. Wan Mohd Azwan describes it as a move away from the push-pull strategies towards, and as they have become more well-known and the interest in social responsibility by companies increases, they can "touch them by the heart", hence increase the benefits for both parties (Personal communication, 2020-10-21). In line with the long-term perspective the whole Terengganu Batik Industry applies and the increased awareness of the issue of youth unemployment, Noor Arfa Batik has now increased the focus on collaborations rather than shorter employment of their trainees. This brings about greater possibilities of reaching the goals of the company 150-200 to put young unemployed to work since it guarantees more opportunities with the collaborating

partners. These partners are often companies with well-developed CSR strategies or a clear profile on their social activities, but Noor Arfa Batik wants to engage all kinds of organizations in the state government of Terengganu (Wan Mohd Affendi, personal communication, 2020-10-21).

### **Discussion of How CSE is practiced to provide Long-Term**

**Societal Contribution** From our findings we could identify two distinct aspects of Noor Arfa Batik's operations. We ordered our findings in themes and similar ones grouped together and assigned them to as acts of a general field of research, as illustrated in Figure 5-1 and Figure 5 2. A social dimension was identified throughout all of the activities undertaken by Noor Arfa Batik as well as it has a high influence on decision making and strategy in the company. The social dimension is intertwined with a clear business dimension, where economic goals and business growth were identified. These two dimensions could be traced and anchored in the literature of Social Entrepreneurship and Corporate Entrepreneurship respectively.

### **Noor Arfa Batik and CSE**

From the above discussion we identified two clear dimensions, which are the Business Dimension and the Social Dimension. These dimensions are now analyzed and presented as the two important dimensions that make CSE possible.

### **Corporate Social Entrepreneurship**

As mentioned, the working definition for CSE in this case study project is the following:

Embracing an economic and social mission (solving a social problem and offering solutions for the unmet needs of the disadvantaged groups) as the primary mission; employing corporate entrepreneurial activities to achieve the mission and creating social value.

We argue that the Discussion of our findings, i.e., the social dimension and the business dimension of Noor Arfa Batik, act as evidence that People of Terengganu is a Corporate Social Entrepreneurial organization.

Furthermore, the three key elements behind the strategy of CSE, the first one is the alignment of dimensions. They emphasize the importance of the presence of a social dimension and a business dimension, which have to be aligned and incorporated in the organization's successful strategy in order for CSE. Hence, this further strengthens our discussion of Noor Arfa Batik's business dimension and social dimension and their very

close alignment which forms the whole business. It is because the business would not exist with only one dimension, or with a greater emphasis on one of the two. We argue that People of Terengganu's ability to incorporate both dimensions in their strategy are key factors for the company's success.

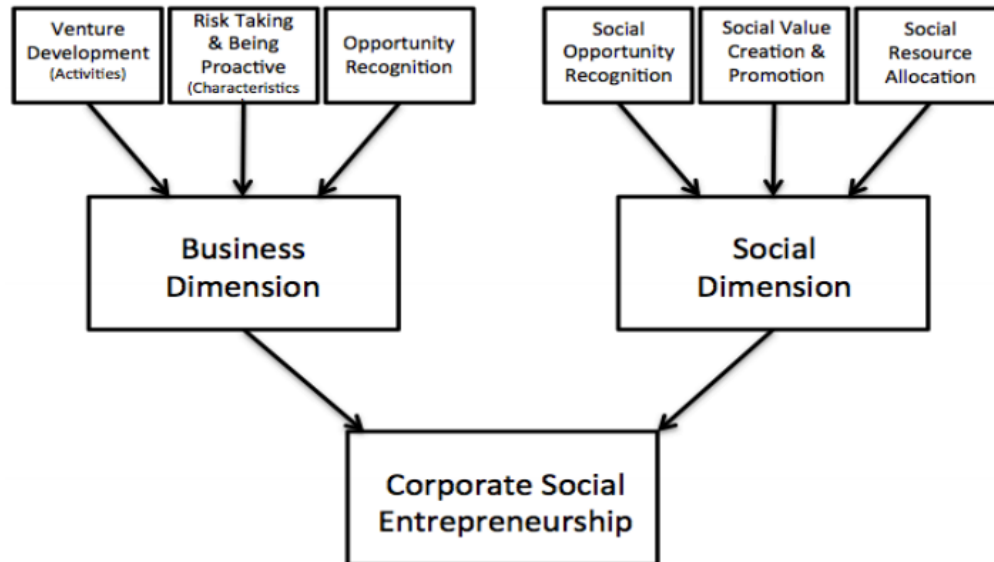
The second element is leveraging core competencies, how organizations must focus on how they can use their key assets in new ways in order to go beyond traditional strategy of social value creation through charity or donations. We argue that this is exactly what the group has done in Noor Arfa Batik starting, instead of giving money to a project that addressed the issue of youth unemployment they acted creatively and started a new organization in order to address the problem. By changing how organizations think of social value creation and how to use their key assets in order to generate social value, organizations are able to generate far greater social and economic value than writing a check for socially oriented activities. By Noor Arfa Batik the start up as a business, which generates revenue in addition to other funding, we argue that Noor Arfa Batik Group saw a new way of social value creation. Instead of donating money to a project that ends when the money is used up, Noor Arfa Batik identified the possibility to start up a business that in it generate revenue. Therefore, we argue that People of Terengganu has the opportunity to create long-term economic and social value, which far exceeds what is possible through donations and charity. This emphasizes the further importance of the presence of a social dimension and a dimension that business is aligned in CSE.

The third element is partnering, according to Austin et al., (2006 a) collaborating with other organizations enables the creation of new resources and also generates new innovative approaches to existing problems. We argue that the client Noor Arfa Batik which is collaboration with further strengthens the CSE aspects of their business. These clients have hired trainees from Noor Arfa Batik, which have resulted in more revenues for Noor Arfa Batik and also an innovative approach to solving the problem of youth unemployment. Austin et al., (2006a) further stress the importance of collaborations and alliances with other organizations as a powerful tool for entrepreneurship. This can be seen in Noor Arfa Batik where the collaborations with their clients are very important both for their revenues but also in order to get access to more resources and publicity.

The CSE is a combination of willingness and desire to create joint economic and social value with the entrepreneurial redesign, systems development, and action necessary to carry it out. We argue that these aspects are present in Noor Arfa Batik's activities and therefore further strengthens the argument of CSE. Noor Arfa Batik combines the two dimensions (ie social dimension and the business dimension) and we argue that it is of uttermost importance to align these two dimensions. We further argue that if a company is unsuccessful in aligning these dimensions, and if more focus is

assigned to one of the two it might be difficult to succeed with CSE. For instance, if there is too much focus on the social dimension, the long-term commitment and contribution to society will suffer due to lack of financial resources. On the other hand, if there is too much focus on the business the social dimension of mission will be neglected.

### A Model of CSE



**Figure 3: A Model of CSE**

From our discussion of the empirical findings on Noor Arfa Batik and the literature we propose a model for CSE. The model consists of characteristics and activities that make up a social dimension and a business dimension respectively. These two dimensions are required to be aligned in the practices and strategies of the organization for Corporate Social Entrepreneurship to be successful.

### Values Generated by Noor Arfa Batik

The CSE as a concept of mobilizing both internal and external resources in order to generate economic and social value. We argue that these are also the two major values that are generated by Noor Arfa Batik's business practices, where People of Terengganu contribute to reducing the youth unemployment, improving inclusion and also increases the number of taxpayers in the area. In the case of People of Terengganu, we argue these two values can be summarized in how they create shared value.

### Noor Arfa Batik and CSV

The CSV as a way to generate both economic and social value by addressing the challenges and needs of society and how CSV can explore and expand the relationship between economic and social value in a way that benefits both the organization and society. We identified Noor Arfa Batik's social creation of value; through their business practices they are a major contributor to reducing the youth unemployment in Terengganu. The term 'social' can be referred to either as social problems, or the social needs, basic human necessities such as shelter, food, employment or even required to live a proper life or increase the quality of life. We argue that some of these social problems (or needs) are addressed Noor Arfa Batik through s operations, hence, through their operations they are creating social value in terms of helping people into the working life, out of segregation and towards inclusion and also how they help people develop both personally and professionally.

The concept of measuring social value is underdeveloped in the literature; however, what is known is that it is essential to pursue the social return on the investment. We argue that there is clear evidence that the value for Noor Arfa Batik generate in practicing their business is how they address the social problems and social needs when it comes to youth unemployment but also another very important aspect, which is integration of people into the society and into the labor force (Yan & Yu, 2021). We argue that there is clear-evidence in this case how People of Terengganu generate positive social return on the investment. For instance, Wan Mohd Ariffin Wan Long states that "approximately 70% of the consultants who come here either move on to full - employment somewhere else or they start studying after they're done here." (personal Communication, 2020-10-21), which is quite a lot each year taking into consideration that they e-mploy approximately 150 m young adults per-year.

At the same time as Noor Arfa Batik is creating the social value, we also argue that they are creating economic value (Azri, 2020). This can be seen in our findings where economic value is created in two ways. One is in terms of increased tax payments for society and the other is revenues generated for Noor Arfa Batik. We argue that this is how People of Terengganu are creating shared value. Additionally, Porter and Kramer (2011) describe how CSV aims to utilise specific resources, skills, and management capabilities of an organization to address and solve societal problems while simultaneously generating economic value. We argue that this is in line with Noor Arfa Batik's activities and how they create shared value through their practices of CSE. Therefore, we argue that CSE is an effective way of creating shared value.

### **Opportunities and Challenges in Practicing CSE**

The literature identified have opportunities and challenges related to entrepreneurship in general and, more specifically, those related to CSE. Through our findings we have been able to identify how some of them relate to the practices of Noor Arfa Batik, which we will analyze next.

### **Opportunities: Long-Term Contribution**

Another opportunity for Corporate Social Entrepreneurial organizations is the long-term effects; they have the ability to create long-term financial benefits and long-term social return on investments. We argue Noor Arfa Batik that increase the opportunities for getting both economic and social return on their investments since they focus on the long-term benefits and not on the short-term financials. It is hard to justify and maintain CSR activities in the long-term since they often have limited connection to the organization. By connector the business activities that create social value to the business strategy it is easier to maintain the activities in the long run and therefore increase the opportunity of positive long-term effects. Due to the business and the social dimension of CSE we argue that a major opportunity for firms' Corporate Social Entrepreneurial firms is to establish long-term contribution (Knox *et. al*, 2021). This can be seen in Noor Arfa Batik since they are generating revenue in addition to its other sources of funding, we argue that People of Terengganu longer possess potential to generate lasting benefits, both in terms of their own financials but also for society in general. Compared to a project that relies heavily on external funding a firm practicing CSE, like Noor Arfa Batik, can support itself and hence stay in practice fluctuates even when external funding.

### **Increased Commitment by Stakeholders**

In our findings we were able to identify a trend where companies are turning to People of Terengganu in order to increase their societal contribution. Hence, Noor Arfa Batik has been able to move from a push to a pull strategy in order to attract clients. This is in line with the literature where Austin et al. (2006a) state that there has been an increased interest from stakeholders who want to see companies contribute to society and an increased trend where stakeholders have started to take into account the social performance of organizations (Bischoff, 2021). In our findings we identified a shift where companies are starting to within Terengganu focus more on societal contribution compared to when Noor Arfa Batik was established.

Therefore, we argue that the increased commitment by stakeholders and other organizations is a great opportunity for Noor Arfa Batik. We believe that this trend will make it easier for Noor Arfa Batik to create and manage beneficial partnerships with more clients. Furthermore, we argue that the increasing trend where stakeholders and

organizations are showing more interest in firms whose business practices generate societal value is an opportunity for CSE in general, due to the importance of the social dimension.

### **Market Differentiation**

An organization that becomes more socially responsible can create a powerful advantage. Socially responsible organizations possess the opportunity to differentiate itself in the marketplace by offering a product or a service that contribute to something larger than just economic profit. We argue that this is exactly what People of Terengganu and other Corporate Social Entrepreneurial firms have the opportunity to accomplish. This can be seen in our findings we identified where increased interest in People of Terengganu 's services but also an increased interest from society, and the government whom refer to the model of Noor Arfa Batik as a successful way to reduce the youth unemployment.

Since CSE need to have both a business dimension and a social dimension, we further argue that Corporate Social Entrepreneurial firms can benefit from the powerful advantage socially responsible organizations can generate.

### **Business Opportunities through Social Issues**

Instead of seeing only a social issue as a problem, an organization should instead try to view the social issue as a business opportunity to engage in and act as a social agent. We argue that Terengganu Batik Industry saw an opportunity to establish a business around a social issue when they took up on themselves to solve the youth unemployment in Terengganu, an issue many businesses neglect and that many consider belongs to the government. Hence, they became a social agent trying to solve a social issue by starting a business around it. We argue that this view of a social issue as an opportunity instead of a problem is a great opportunity for organizations to contribute to society in a long-lasting way. Additionally, we believe it is a more powerful way to create change or engage in society than for example traditional CSR.

### **Challenges: Funding**

One challenge for Noor Arfa Batik, which might be applicable to the majority of the Corporate Social Entrepreneurial firms, is the requirement for investments and funding to be able to sustain financially, especially in the start-up phase of the business. Noor Arfa Batik is dependent on their partnering, especially with the investment grant received from the municipally. As of now People of Terengganu would not be able to sustain their financials without the in-divestment grant from the municipally. Noor Arfa Batik has also had some challenges with getting sufficient partnerships, where they want more

commitment from their partners. These challenges by arguing that partnership is one of the essential parts in order for CSE to function successfully.

### **Challenges: Measure of Social Value**

A major challenge is to successfully measure social value and return on investment, they mention this as one of the least developed areas of the CSE. The socioeconomic statement is one way to measure the social value and the return of investment, however, this does not measure every aspect of what they actually contribute to. We consider this to be a major challenge for CSE, since it is difficult to measure the created social value; therefore, it is a challenge to show stakeholders how they are actually contributing to society. We argue that economic value is tangible where stakeholders can measure and trace the impact of their investments. However, we argue that social value is intangible and that the impact of the investment might be difficult to see and to measure, and sometimes only visible in the long-run.

### **Challenges: Uncertainty**

One of the important aspects to consider when being entrepreneurial is to be aware of the uncertainty of the outcomes from the activities undertaken by the organization or the individual. The uncertainty is common for all entrepreneurial activities, but we argue that CSE might face a higher degree of uncertainty since the concept is relatively new; hence, efficient business models and approaches are not yet identified. Through our findings we have identified exactly this scenario where Noor Arfa Batik face uncertainty and often have to apply a learning-by-doing approach.

## **DISCUSSIONS**

Even though the concept of CSE is relatively new and still underdeveloped, we believe that it is an important topic that needs to be investigated further to increase the understanding of the concept and the outcomes of the process in terms of benefits for business and society. This is relevant largely due to the increased tensions between business and society, where society demands that greater responsibility is taken from their organizations as power to influence increases. Our study shows how CSE works in practice, what successful CSE has the potential to accomplish as well as opportunities and challenges therein.

Our study indicated a trend towards organizations' willingness to take a greater social responsibility, where a traditional reactive approach is no longer considered enough and needs to be changed to a more proactive approach. We have seen that this allows CSE proactive approach, not only for the CSE firm itself, but also how the firm can include



part-nurses in the process. Therefore, educate and increase the understanding of the importance of a proactive approach to social sustainability in general. The goal is to be able to have a long-term positive impact on both economic performance and societal contribution.

We argue that the concept of CSE has the potential to attract more attention from organizations due to the obvious benefits retrieved from successfully performing these activities. However, our research shows that CSE also demands a lot from organizations in terms of both resources and competencies. There has to be a clear balance between a strict business focus and the aim for societal contribution. CSE is not a one-off tool for better social responsibility from an organization, but a continuous process that needs to be integrated with the overall strategy and direct the mission and vision, where it is critical that the business dimension and the social dimension are intertwined.

## **CONCLUSION**

The purpose of this case study project was to examine how CSE can provide long-term societal contributions in practice. Further, our aim was to explore the opportunities and challenges of engaging in CSE. By answering three research questions, this case study project attempted to fulfill the purpose.

How does Corporate Social Entrepreneurship work in practice to provide long-term societal contribution?

Throughout our research we identified two critical dimensions that organizations need address in order to succeed with CSE and to generate long-term societal contribution. These are the business dimension and the social dimension; these dimensions are based on our almost-gone findings and the entrepreneurship literature. The business dimension regards the importance of the CSE firm to generate revenue, and in the best of worlds; profit, and how they need the ability to identify opportunities in the marketplace. Furthermore, the organization needs to have entrepreneurial characteristics, such as being risk-oriented and think proactively rather than reactively. They also need to perform entrepreneurial corporate activities, such as corporate venturing.

The social dimension refers to the importance of the organization's social mission; to successfully practice CSE and CSE, distinguishing CE from a social mission has to be present. This dimension is derived from our findings and the literature on social entrepreneurship. The social dimension includes the ability to identify an opportunity to solve a social issue, create social value, and allocate resources through partnerships and funding to generate shared value. Shared value is created by the business dimension and

the social dimension working in symbiosis, where intertwined CSE allows a firm to generate shared value in the long run by creating economic value and societal contribution.

What opportunities and challenges face a Corporate Social Entrepreneurial organization? The opportunities we have identified for organizations that are built on the concept of CSE are:

Long-term societal contribution - Through CSE, organizations can create shared value and therefore generate long-term societal contribution.

Increased commitment by stakeholders - The increasing trend of organizations paying interest to social responsibility opens up new partnerships for a CSE firm as well as engagement from more parties.

Market differentiation - Socially responsibly, firms can differentiate themselves on the marketplace, contributing to something larger than a merely economic-value creation. Business opportunities through social issues - The mere idea of identifying and exploiting social issues as a business opportunity instead of a problem opens doors to new businesses. Whereas the challenges are as follows:

- Funding - CSE firms might suffer from the problem of gathering enough funding if it is required in addition to their ordinary revenue streams.
- Measurement of social value - One of the least developed areas of the CSE is the difficulty of social measure of value and return on investment and to provide tangible evidence of the benefits they create.
- Uncertainty - All entrepreneurs face uncertainty, whereas CSE firms might experience this even more due to the underdeveloped concept and lack of efficient approaches.

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