ANALYSING SOCIAL ENTREPRENEURSHIP’S LEGAL AND REGULATORY FRAMEWORKS USING COLLABORATIVE INNOVATION

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ABSTRACT

Objective: The concept of social entrepreneurship, which combines commercial competence with social impact, has recently emerged as a major driving force in the effort to overcome intractable societal problems. This research takes a deep dive into a critical analysis of legal and regulatory frameworks and how they affect the field of social entrepreneurship. Knowing these frameworks is crucial because of their impact on social enterprise development and performance. However, there are a number of difficulties created by the interplay of social entrepreneurship and legal norms. These include things like generic legal frameworks, vague terminology, competing requirements, and insufficient resources. Creating conditions that allow social companies to thrive over the long term requires overcoming these obstacles.

Method: Combining comparative legal research with stakeholder engagements and impact evaluations, the paper proposes an Adaptable Regulatory Legal Design Using Collaborative Innovation (ARLD-CI). The objective of this method is to create flexible legal frameworks that can accommodate the wide range of social enterprise business models while still meeting the requirements of existing laws. The research conducted proves that specialized legal frameworks (SLF) can increase creativity, funding possibilities, and social impact.

Result: Potential changes in the law and regulation are modelled using hypothetical situations to see how they might affect social businesses, stakeholders, and the ecosystem as a whole. Using this ARLD-CI method, policymakers and stakeholders can better anticipate and prepare for the consequences of proposed regulatory changes when compared to SLF.

Conclusion: Based on the Sensitivity Factor, Long-Term Sustainability, Social Entrepreneurship Performance Metrics, a simulation research investigation is conducted.

Keywords: social entrepreneurship, legal, regulatory frameworks, collaborative innovation.

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ANALISANDO OS QUADROS LEGAIS E REGULATÓRIOS DO EMPREendedorismo SOCIAL USANDO INOVAÇÃO COLABORATIVA

RESUMO

Objetivo: O conceito de empreendedorismo social, que combina competência comercial com impacto social, emergiu recentemente como uma força motriz importante no esforço para superar problemas societais intratáveis. Esta investigação aprofunda-se numa análise crítica dos quadros jurídicos e regulamentares e da forma como afetam o domínio do empreendedorismo social. Conhecer esses quadros é crucial por causa de seu impacto no desenvolvimento e no desempenho da empresa social. No entanto, há uma série de dificuldades criadas pela interação entre empreendedorismo social e normas legais. Estes incluem questões como os quadros jurídicos genéricos, terminologia vaga, requisitos concorrentes e recursos insuficientes. A criação de condições que permitam às empresas sociais prosperar a longo prazo requer a superação destes obstáculos.

Método: Combinando pesquisa jurídica comparativa com engajamentos das partes interessadas e avaliações de impacto, o documento propõe um Projeto Legal Regulatório Adaptável Usando Inovação Colaborativa (ARLD-CI). O objetivo deste método é criar quadros legais flexíveis que possam acomodar a ampla gama de modelos de negócios de empresas sociais, embora ainda atenda aos requisitos das leis existentes. A pesquisa realizada prova que os quadros jurídicos especializados (SLF) podem aumentar a criatividade, as possibilidades de financiamento, e o impacto social.

Resultado: As possíveis mudanças na lei e na regulamentação são modeladas usando situações hipotéticas para ver como elas podem afetar as empresas sociais, as partes interessadas e o ecossistema como um todo. Usando esse método ARLD-CI, os legisladores e as partes interessadas podem prever e se preparar melhor para as consequências das mudanças regulatórias propostas quando comparadas a SLF.

Conclusão: Com base no Fator de Sensibilidade, Sustentabilidade de Longo Prazo, Métricas de Desempenho de Empreendedorismo Social, uma investigação de simulação é realizada.

Palavras-chave: empreendedorismo social, quadros legais, regulatórios, inovação colaborativa.

1 INTRODUCTION

A dynamic landscape where profit and social impact intersect can be shaped through an examination of the legal and regulatory frameworks governing social entrepreneurship through collaborative innovation [1]. The relevance is in its ability to reconcile the differences between conventional legal frameworks and the peculiarities of social enterprises. This method ensures in-depth understanding and creative solutions by incorporating a wide range of parties, such as social entrepreneurs, legal experts, policymakers, and representatives from civil society [2]. It encourages long-term development by coordinating legislative systems with the pursuit of both economic success and social progress [3]. In addition, it inspires creativity by fostering the development of malleable frameworks that grow alongside the development of social enterprise [4]. As a result of the collaborative strategy's emphasis on cross-border
consistency, international cooperation and expanded influence are both facilitated and amplified. It prevents the organization from straying from its original aim, which is essential for the success of any social venture [5]. In the end, this approach helps with inclusive development, policy advocacy, and a unified legal framework that gives social entrepreneurs the tools they need to make a difference while staying within the bounds of the law [6].

The complex difficulty of adapting existing legal and regulatory structures to the specifics of social entrepreneurship is the issue that must be solved [7]. These businesses are challenging to categorize legally since they combine commercial incentives with social and environmental impact goals. This leads to confusion, which in turn makes it harder to get funding, tax breaks, and the right kind of reporting frameworks [8]. Mission drift may occur if the trade-off between financial viability and social effect is not carefully considered within the framework of existing laws. Additionally, the lack of sector-specific laws stifles development and innovation [9]. The goal of collaborative innovation is to find solutions to these problems by bringing together different types of actors, such as social entrepreneurs, legal experts, legislators, and impact investors. This strategy aims to promote international coherence, reduce the danger of mission drift, and boost social entrepreneurship by collaborating on the construction of flexible legislative frameworks that take into account the sector's specific demands.

Collaborative innovation methods already in use to examine social entrepreneurship's legal and regulatory frameworks include stakeholder workshops, hackathons, and public-private partnerships. For the purpose of helping social entrepreneurs, stakeholder workshops bring together many different types of specialists to work together on frameworks. Creative solutions are encouraged during hackathons and innovation challenges by drawing on a wide range of skills and knowledge. Together, the public and private sectors can pool their knowledge to improve the law in fundamental ways [10]. There are a number of obstacles that must be overcome before collaboratively built frameworks can be translated into actual policies, such as balancing the interests of many stakeholders, guaranteeing the representation of marginalized people, building flexible yet clear legal structures, and so on. There are additionally obstacles such as a lack of resources, the inability to maintain partnerships, disagreements over jurisdiction, difficult choices, and red tape. These obstacles must be overcome if collaborative
innovation is to be used to create enabling legal environments for social entrepreneurs. The objective of the paper is included as:

- The research seeks to fully analyse how legal and regulatory frameworks affect social entrepreneurship. It investigates how these frameworks affect social enterprise development, operations, and performance. The research examines legal norms' strengths and weaknesses to find ways to improve and innovate.
- An innovative technique dubbed Adaptable Regulatory Legal Design Using Collaborative Innovation is one of the main goals. The project attempts to establish flexible legal frameworks that can accommodate varied social enterprise business models while complying with relevant legislation. The goal is to encourage legitimate social companies.
- The research simulates and models regulatory changes to predict their effects on social businesses, stakeholders, and the ecosystem. The suggested ARLD-CI technique helps policymakers and stakeholders assess regulatory changes' possible effects before they are enacted. This purpose informs social entrepreneurial decision-making and creates legal frameworks for long-term sustainability, innovation, and social impact.

The remainder of this paper is built on the foundation provided by this outline. Section 2 provides context for the proposed method by summarizing relevant intellectual contributions. Section 3 proposes Collaborative Innovation-driven Adaptive Regulatory Legal Design (ARLD-CI) as a novel legal framework optimization solution. The research shows how ARLD-CI might benefit social enterprises in Section 4. Section 5 concludes with a discussion of future scenarios and efforts to improve legal environments for social entrepreneurship’s growth and impact.

2 THEORETICAL FRAMEWORK

Several conceptual frameworks and ideas for social entrepreneurship are discussed in this section. Collectively, these models and ideas probe the voids in institutional support, the mechanisms that foster innovation, the mutually beneficial exchanges between businesses, and the critical elements that contribute to the success of social entrepreneurs and their ventures.

The Social Innovation to Sustain Rural Communities (SISRC) [11] framework, developed by Zivojinovic et al., identifies the formal and informal institutional gaps that
promote or stifle social innovations, such as ineffective law enforcement, inadequate infrastructure, a lack of trust, and norms and values that support patriarchal systems. By introducing novel behaviors that cut down on social inequality and unbalanced resource use, social innovations can provide socio-ecological and economic solutions that help advance sustainable development. In addition to these findings, the report suggests strategies for filling the gaps in institutional support by developing context-sensitive organizational structures, enhanced legal frameworks, and novel funding methods, among other things.

Institutional entrepreneurship and social innovation (IE&SI) [12], a concept established by E. Onsongo, categorizes institutional gaps into three categories: market, policy, and social. The research contends that institutional gaps, which inspire new business models, additionally provide alternative legitimation stories that can be tailored to specific demographics. The research demonstrates that efforts to validate a social innovation must center on demonstrating how the invention fills a gap in the existing institutional infrastructure. To effectively implement social innovations in highly complex institutional settings, it is crucial to bridge existing gaps across relevant institutions.

Mutualism in ecosystems of innovation and entrepreneurship (MEIE) [13] was first proposed by Schaeffer, P. R. et al., and it involves two-way exchanges of resources and skills in order to spur cooperation and the development of new value. There are two ways in which universities and eco-system actors are theorized to interact in this study: (a) universities encourage and improve eco-systems through their primary activities, and (b) eco-system actors shape universities' capacities and access to resources. Implications for policy coordination and the necessity for strategic management methods in mutualistic interactions have been brought to light by the research.

Problem-oriented Innovation system (PIS) [14] was proposed by Ghazinoory et al. to address climate change and other global issues. Most people's efforts have been directed on improving technologies that can be used to generate profit. In light of this, the current research reviews previous work on innovation systems and offers a new method called "Problem-oriented innovation systems" to facilitate the understanding of societal challenges at a macro level. Finally, a paradigm is presented for studying the innovation process with the goal of resolving the societal issue at large.
The identified CSFs can be categorized into seven groups—leadership, social enterprise planning, community engagement, innovative financing, human capital, legal support, and social enterprise marketing—based on the results of a factor analysis of Satar et al.’s proposed model of social entrepreneurship (S-ENT) [15,16]. The novel understanding gained from the thesis work can be particularly useful for practitioners and other stakeholders in determining which aspects of their social enterprise's operation require their utmost priority and attention, which skills and resources are necessary for the venture's success, which competitive advantage they have, and how to set up an evaluation mechanism for their ventures, etc.

The aforementioned studies serve as an excellent primer on the various frameworks that make up the investigation of social entrepreneurship. These models aim to fill in the gaps that exist in existing institutions and solve issues of innovation, procedure, communication, and success. Our research led us to conclude that the ARLD-CI framework is the best option available to solve the above issues mentioned.

3 METHODOLOGY

When analyzing social entrepreneurship's legal and regulatory frameworks, it's important to take into account collaborative innovation and how the two ideas interact with one another. Let's dissect the core ideas and their interconnections:

- Social entrepreneurship refers to the practice of using commercial techniques to solve social or environmental problems. Entrepreneurs with a social mission want to improve society while still making a profit. Their businesses run programs in areas including poverty reduction, education, healthcare, environmental protection, and more in an effort to develop novel answers to pressing social challenges.

- Business operations within a given jurisdiction are governed by a set of laws, rules, regulations, and policies known together as the legal and regulatory framework. These structures safeguard customers, investors, and the general public by requiring firms to act ethically, fairly, and legally.

- Collaborative innovation refers to the process of producing new ideas, strategies, and strategies by involving a number of different parties (such as people, businesses, and even governments). It highlights the importance of having a wide range of people and resources working together to advance innovation.
Figure 1 shows the talents and resources needed for creativity in the Collaborative creativity by Bricolage (CIB). Innovation is the combining of old and new knowledge to create new goods, manufacturing processes, market opportunities, sourcing tactics, or industry organization. The CIB focuses on entrepreneurs starting new businesses with core ideas and developing them to maturity. Innovating beyond corporations and throughout their lifespan is centered on entrepreneurs building new companies that become profitable.

The CIB recognizes essential employees as intrapreneurs, fostering innovation in established organizations. Entrepreneurs collaborate to sell ideas and technologies, assembling expertise. An entrepreneur, inventor, and small team frequently start the inventive journey by developing a prospective opportunity into a commercially viable invention. If successful, initial-stage funders propel the initiative into a scale-up phase to realize entrepreneurial profits. Scaling the company needs more essential employees to develop intra-firm discoveries, innovate, and capitalize on unique expertise[17,18].
Later-stage financiers finance scaling. With early-stage clients as demanding partners influencing innovations via inputs and feedback, commercialized ideas may change greatly from the original spark. Due of CIB complexity, uncertainty, and instability, the sequence of events is not set. All systems have nodes and linkages, but the human population system's potential to develop new activity patterns adds unpredictability.

The image simplifies this complex procedure by showing patterns. Innovators must draw on six economic talent pools: entrepreneurs, innovators, key staff, early-stage financiers, later-stage financiers, and consumers. These pool members create collaborative teams. Innovation-based companies need a critical mass and diversity of each talent.

Entrepreneurial skill development helps innovation become mass-produced products and services, enabling competitiveness and economic progress. A well-functioning CIB eliminates two sorts of mistakes. The first includes misinterpreting facts and letting unviable ventures continue, while the second entails too pessimistic rejection of good prospects. CIB collaborations help uncover and address mistakes early, reducing expenses. The CIB approach emphasizes the importance of collaborative innovation for business success and adaptability.

Figure 2: Collaboration between social enterprise's innovators and its stakeholders

Source: Prepared by Authors (2023)
Stakeholder participation and cooperation are fundamental to the innovation processes of social companies as shown in the above figure (2). Trust, social capital, salience, contestation, and interdependence all play critical roles in determining the course and outcome of these processes. In the context of social enterprise innovation, let's examine the interplay between these elements.

3.1 SOCIAL CAPITAL AND TRUST

The cornerstone of effective stakeholder interaction $M(x)$ and groundbreaking innovation $T(x)$ is trust and given in equation (1).

\[
M(x) + T(x) = \left( \emptyset - B_d(x) \right) + T_d(x) \right) \ast C 
\]

(1)

To succeed $\emptyset$, social businesses must $B_d(x)$ earn the confidence of their many constituencies $T_d(x)$. Building trust takes time but can be done via reliable interactions, moral conduct, and following through on promises. Collaborative creativity $C$ is bolstered by the goodwill stockpile and mutual understanding created when social capital builds as trust rises.

3.2 SALIENCE AND CONTESTATION

The salience of a problem is its importance and relevance to those affected by it. Stakeholder investment in social business innovation is proportional to the importance of the problem being solved $P_1(x,y)$ and $P_2(x,y)$ is shown in equations (2) and (3).

\[
P_1(x,y) = \alpha^2 \frac{s_1 s_2}{\partial s_1 s_2} \ast f^{(n-1)}
\]

(2)

\[
P_2(x,y) = \alpha^2 \frac{s_1 s_2}{\partial s_1 s_2} \ast f^{(n-1)} \cdot 2
\]

(3)

If people feel that the problem affects them or their community $\alpha^2$, they are more inclined to take an active role in solving it. However, disagreement may arise when many parties have divergent opinions on the problem, its remedies, and the best path forward. Successfully navigating innovation processes $s_1 s_2$ requires adept management of contestation $f$ via open discourse and $n - 1$ fair consideration of varied opinions.
3.3 INTERDEPENDENCE

Interdependence refers to the reliance of many parties on one another to achieve a shared objective. Stakeholders in social business innovation often rely on one another since they have similar goals and want to have a good effect on society. For instance, local communities, regulatory agencies, research institutes, and other partners are essential to the success of an environmental social business. Having everyone in on the action creates a feeling of community and motivates everyone to bring their own set of strengths to the table.

Weaving these aspects together is essential for a successful innovation process involving stakeholders in social businesses:

- Stakeholder involvement can only be successful if efforts are made to build trust and social capital among all parties involved. When people feel safe talking to one another, they are more likely to share information and work together.
- Reconciling divergent viewpoints and understanding the importance of the topic at hand are two ways to reduce conflict. Communicating well and identifying areas of agreement are prerequisites for working together to solve problems.
- Recognizing the interconnectedness of stakeholders and building on that fact stimulates joint efforts. Involving several parties increases the likelihood of finding a comprehensive and original answer.

When all parties involved adopt these ideas, the creative process for a social venture may develop. Social businesses may successfully negotiate the challenges of innovation by cultivating trust, comprehending salience, managing contestation, and utilizing interdependence to create sustainable, meaningful solutions that advance their objectives and the communities they serve.
Co-ops and the nonprofit sector overlap in Figure 3, showing how social businesses operate. The laws of each country have a significant impact on the organizational structure of social businesses. Offering re-training programs and community services to the economically excluded is a primary focus for social entrepreneurs. These businesses adopt what is known as a multi-stakeholder approach, meaning they include many different people. Decisions are made using the one person, one vote approach, which is emphasized throughout their organizational structure.

\[ G_n, I(st) = \frac{2}{n} + C(2na^2 - M) + r_n \]  

(4)

Equation (4) explains this sense, social businesses \( G_n \) are distinct from commercial companies \( I \) and similar organizations \( st \). They adhere to a concept of democratic governance \( \frac{2}{n} \), in contrast to the more conventional frameworks of \( 2na^2 \) corporate management \( M \). By bridging the gap between the for-profit and nonprofit sectors, social entrepreneurs occupy a unique position. This merging produces a new organizational terrain \( r_n \) that draws from both models in its pursuit of social and
environmental goals. Because of their unique structure, social businesses are a driving and creative force in finding solutions to a wide range of societal issues. The primary goal of a social business is to improve society, culture, or the environment in some way. Since the major motivation for social companies is to improve society rather than increase profits, they fall squarely within the nonprofit sector. Social enterprises are distinct from nonprofits since they use for-profit and cooperative business practices to accomplish their goals.

The democratic structure of ownership and decision-making is a defining feature of co-ops. Since the membership owns and controls the group, everyone has a voice in how it is run, and decisions are decided according to the maxim "one member, one vote." This kind of cooperative government gives people more agency and promotes a culture of shared responsibility and prosperity. Many social companies follow a similar set of principles, including the inclusion of several stakeholder groups in the decision-making process. Because of the charity sector's focus on the greater good, a cooperative strategy like this one is common. Conversely, nonprofits are driven by a higher purpose and must reinvest any profits back into the organization. In accordance with this notion, social companies redeploy their financial advantages towards furthering their social missions, rather than accumulating money for its founders. Due to their common goal of bettering society, social businesses and the nonprofit sector are inextricably linked.

\[ SC_n = \frac{1}{N_p} \sum_{j=1}^{m} Lh_j \]  

Equation (5) explains social companies SCₙ provide an intersection where these different approaches meet on purpose. Social enterprises may use consensus-based methods of decision making and a nonprofit's N_p commitment to doing good in the world, but they also use commercial practices to ensure their long-term viability. This merger lessens their reliance on grants i and donations from other sources m, increasing their capacity for long-term impact Lh_j. The organizational structures of social businesses vary from region to region as a result of local regulations. In Europe, for instance, social businesses often focus on community services and re-training programs for underserved populations in order to promote social cohesion and individual agency. The one person, one vote principle central to their democratic form of government reflects the cooperative values of joint ownership and consensus decision making.
Figure 4 shows the New Economic Model: Adaptable Regulatory Legal Design Using Collaborative Innovation (ARLD-CI) is a dynamic framework that encourages innovation and economic growth within a pliable regulatory and legal environment by incorporating entrepreneurial skills, spirit, ability, and thinking. This new framework, which emphasizes teamwork and initiative, aims to shake up established financial models.

The development of a diverse set of entrepreneurial skills is central to the ARLD-CI framework. Skills in seeing opportunities, allocating resources wisely, minimizing risks, and planning out the future are all part of this category. Developing these competencies allows people and businesses to spot and take advantage of untapped economic expansion opportunities.

The concept promotes a spirit of entrepreneurship, which includes the ability to assess risks, embrace change, and actively seek out opportunities to implement novel ideas. This mindset encourages people to think outside of the confines and come up with creative solutions to problems that benefit society.

Entrepreneurial mindset ARLD-CI stresses the need of developing concrete strategies for implementing new business concepts. The capacity to imagine, plan, and carry out initiatives that meet customer demands and provide value is essential. The capacity to be entrepreneurial guarantees that novel ideas produce useful results.
The concept emphasizes the need of adopting entrepreneurial Thinking, which values exploration, flexibility, and lifelong education. Those that think like entrepreneurs actively look for ways to enhance their processes, generate new ideas, and incorporate criticism. This kind of thinking helps people deal with adversity in creative ways.

Adaptable Regulatory and Legal Framework: ARLD-CI stands out from other research infrastructures by including a flexible regulatory and legal framework. This structure is intended to help rather than impede creative thinking. It allows for rapid changes to be made to rules, giving business owners more flexibility to adapt to shifting market conditions and technology developments. This flexibility encourages originality and reduces the burden of rules and regulations.

Collaborative Innovation: The ARLD-CI paradigm relies heavily on collaborative innovation. It requires cooperation from a wide range of organizations and individuals, such as government bodies, corporations, educational institutions, and local communities. Collaborative innovation encourages the co-creation of solutions that are more successful in addressing difficult issues by combining resources, knowledge, and viewpoints[19].

Regulatory and legal framework that promotes innovation is key to the ARLD-CI model's picture of an ideal economic environment. Together, these forces allow people and businesses to make strides in economic growth, social development, environmental protection, and the general benefit of society. The ARLD-CI framework modifies itself in response to changing conditions to keep innovation at the centre of economic growth.

4 RESULTS AND DISCUSSION

In the field of ARLD-CI the Sensitivity Factor Analysis reveals a potent instrument for evaluating the complex relationship between legal frameworks and the results of social entrepreneurship. Understanding the key determinants of social enterprise success is made possible by the Sensitivity Factor, which measures how sensitive performance measurements are to modifications in regulatory settings. This investigation explores how this idea can provide light on the viability of the ARLD-CI and its advantages when applied to more specifically designed legal frameworks.
The Sensitivity Factor is a concept used in many different disciplines, such as economics, engineering, and environmental sciences, to quantify how much an outcome shifts in response to a change in the system's or model's inputs or parameters. It is a measure of how quickly the system reacts and a tool for locating the parameters that make the biggest difference in the system's performance. The Sensitivity Factor could be used in the context of the research project Analysing Social Entrepreneurship's Legal and Regulatory Frameworks through Collaborative Innovation" to evaluate the effect of changing legal and regulatory parameters on social entrepreneurship ventures. Researchers can learn more about the factors that affect the success and impact of social enterprises by examining the sensitivity of performance measures for social entrepreneurship to changes in legislative frameworks. As a result of this comprehension, more efficient and flexible legal frameworks may be created that support constructive social transformation and long-term economic prosperity.

When compared to more specialized legal frameworks, the proposed ARLD-CI shows a higher sensitivity factor in the context of the investigation Analysing Social Entrepreneurship's Legal and Regulatory Frameworks using Collaborative Innovation as shown in above figure 5(a). This suggests that the impact of ARLD-CI on social entrepreneurship performance indicators is becoming increasingly fluid than previously thought. Due to its increased sensitivity, ARLD-CI is able to accommodate a wide variety of social entrepreneurship models, boost creativity, and improve access to capital. Because of its collaborative and flexible nature, ARLD-CI can react more quickly to shifts...
in legal and regulatory parameters, having a greater effect on the results of social entrepreneurship. In the above figure 5(b) the slight modifications are seen when compared with the existing techniques. This research provides more evidence that ARLD-CI is an innovative approach that outperforms more specialized legal frameworks in fostering social entrepreneurship's three pillars of success: sustainable growth, innovation, and positive social impact.

Legal frameworks that offer stability, predictability, and the flexibility to adapt to changing conditions are necessary for the long-term success of social entrepreneurship endeavours. Long-term success of social companies can be fostered by regulatory frameworks that provide incentives, safeguards, and methods to handle new and emerging threats. Through accommodating a variety of business models, encouraging innovation, and responding to shifting societal demands, the analysis highlights how the proposed ARLD-CI effectively supports long-term sustainability. Long-term sustainability is contrasted with ARLD-CI in Figure 6 (a). High ARLD-CI is likely related to or affects the long-term sustainability of a specific context, system, or process, and this comparison shows the necessity to evaluate its contributions.

Long-term sustainability is contrasted with SLF in Figure 6 (b). Because of the significance of understanding the implications and potential effects of implementing SLF in the context of sustainable efforts, this comparison is likely intended to clarify how SLF interacts with or influences the attainment of long-term sustainability. Adapting to the changing demands and priorities of social businesses is made easier by ARLD-CI's focus...
on stakeholder involvement and context-sensitive solutions. ARLD-CI ensures that legislative frameworks are optimal for promoting long-term sustainability by encouraging participation from a wide range of stakeholders in the regulatory design process. In the search for long-term sustainability for social entrepreneurship, the ARLD-CI appears as a superior solution compared to specialized legal frameworks. Social companies are set up to succeed over the long term because to its focus on collaboration, flexibility, and the needs of various stakeholders.

![Figure 7: Social Entrepreneurship Performance Metrics](image)

(a): Social Entrepreneurship Performance Metrics compared with ARLD-CI. (b): Social Entrepreneurship Performance Metrics compared with SLF
Source: Prepared by Authors (2023)

The Performance Metrics refers to quantitative metrics used to evaluate the efficacy, impact, and success of social entrepreneurship endeavours in producing societal, environmental, and economic benefits. These measures extend beyond monetary value to include the organization's impact on broader societal prosperity and long-term viability. Evaluation of social entrepreneurship performance measures in the context of research can shed light on the effect of legal and regulatory frameworks, revealing how variations in strategy affect the organization's capacity to carry out its social mission. These metrics can be used to demonstrate how well the proposed ARLD-CI achieves its goal of improving the performance of social entrepreneurs across a range of dimensions and, in turn, generating beneficial societal consequences as shown in the above figure 7(a).

Due to ARLD-CI's adaptability, social businesses can better match their strategies with their desired social impact. This has a direct and beneficial effect on social impact and innovation performance indicators. Unlike other specialized legal frameworks, ARLD-CI allows social entrepreneurs to dynamically alter their operations to meet changing difficulties, increasing their capacity to effect positive change. When comparing
general and specialized legal frameworks as shown in the above figure 7(b) for improving social entrepreneurship, the ARLD-CI stands out as the best option. The strategy's persuasiveness lies in the fact that it fosters effective social entrepreneurship by utilizing a collaborative, flexible, and stakeholder-centered approach that reliably generates positive outcomes across multiple dimensions.

The Sensitivity Factor Analysis reveals that the ARLD-CI, is a powerful method that outshines specialized legal frameworks. ARLD-CI's flexibility allows social companies to better manage shifting regulatory landscapes, fostering innovation and expanding access to capital. The research additionally emphasizes the fact that ARLD-CI is highly effective in promoting long-term sustainability due to its adaptability, stakeholder participation, and response to changing demands. ARLD-CI emerges as a catalyst for the success of social entrepreneurship by being inventive, flexible, and stakeholder-centric, all of which are in line with the aims of fostering long-term growth, new developments, and positive social effect.

5 CONCLUSION

The present research investigates the complicated connection between legal norms and innovative undertakings by examining the legal and regulatory structures governing social entrepreneurship. The importance of this research is in its quest for consistent regulatory frameworks that encourage the expansion and deep societal impact of social companies. The research highlights the need of overcoming difficulties such general legal frameworks, imprecise terminology, competing requirements, and resource limits by examining these issues and identifying their root causes. Within this context of difficulty, the proposed method of Adaptable Regulatory Legal Design through Collaborative Innovation (ARLD-CI) stands out as a model of originality. ARLD-CI provides an innovative means of encouraging innovation, increasing access to capital, and maximizing social impact through the introduction of legal frameworks that are adaptable to the ever-changing nature of social businesses while being compliant with existing laws. Additionally, the research improves our knowledge of future regulatory changes, which aids policymakers and stakeholders in foreseeing effects and making well-informed strategic decisions. The importance of a unified legal framework that encourages social entrepreneurship while protecting its mission-driven character, in addition to the importance of maintaining consistency and inclusivity across borders, are both
highlighted by this joint approach. The integrative nature of the research is emphasized by the integration of novel approaches, stakeholder partnerships, and simulation analysis. It lays forth a plan for creating legislative frameworks that promote inclusive growth, advocate for social concerns, and ensure the well-being of all citizens. The research presented here adds to the theoretical conversation and real-world policymaking via the Collaborative Innovation-driven Adaptive Regulatory Legal Design. This research opens the path for a world in which social enterprises thrive, societal concerns are met, and positive global impact is made by providing a road map for harmonizing regulatory structures with the ever-evolving terrain of social entrepreneurship.
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