

A Study on the Role and Challenges of Social Entrepreneurship in the Sustainable Development of Indian Economy: An Overview

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Abstract

Entrepreneurship is playing an important role in the development of Indian Economy by solving many social problems like poverty, unemployment, ill-nutrition, illiteracy and many. Hence we call it as social entrepreneurship and it is a buzz word in India. The concept of social entrepreneurship has been rapidly evolving in the private, public and non-profit organizations over the last few years and interest in social entrepreneurship continues to rise. The major future challenge is not the appropriate implementation of 2% Corporate Social Responsibility mandated by government but to ensure contribution of businesses to reduce the social problems and work for the progress of the society by sustainable ways. Currently, the non-profit organizations are facing growing demand for improved effectiveness and sustainability in social entrepreneurship compared to public and private sector contribution.

In light of this, social entrepreneurship is emerging as an innovative practice for dealing with multifaceted social needs, with its emphasis on solving of social problems and social innovation. Social Entrepreneurship in India is emerging primarily because the government is very intense on its promotion, not necessarily by funding it or by directing on it but by enabling it. The focus of the paper is to study the emerging trends of Social Entrepreneurship in India and the new initiatives taken by various Social Entrepreneurs. The paper highlights the importance of social entrepreneurial ideas for improving the business environment in the country. "In order for a society to boost social entrepreneurship, it needs a specific environment where such ideas can emerge and develop into an active business models".

KEYWORDS: Social Entrepreneurship, Social Entrepreneurs, Social Issues, Sustainable Development, Innovation.

INTRODUCTION

The economic development of a Nation depends on its industrial development. The industrial development is based on the entrepreneurial competencies of the people. Entrepreneurs are innovative, highly motivated, and critical thinkers. When these attributes are combined with a drive to solve social problems, a social entrepreneur is born. Social enterprises are the organizations which aim their efforts toward improving the general welfare of society and they apply market-based strategies to achieve a social purpose. Social entrepreneurs and social enterprises share a commitment of going ahead with a social mission of improving society. There is a great difference between social entrepreneurs and non-profit organizations on the basis of their goals and objectives..

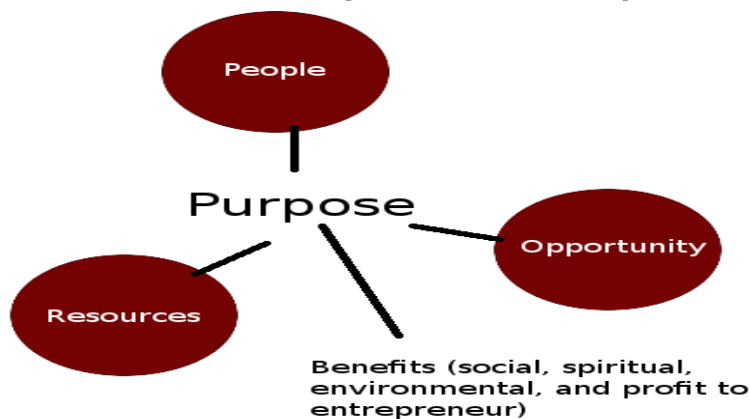
Social entrepreneurship is the recognition of a social problem and the uses of entrepreneurial principles to organize create and manage a social venture to achieve a desired social change. While a business entrepreneur typically measures performance in profit and return, a social entrepreneur also measures positive returns to society. Thus, the main aim of social entrepreneurship is to further broaden social, cultural, and environmental goals. Social entrepreneurs are commonly associated with the voluntary and not-for-profit sectors, but this need not preclude making a profit.

A well-known modern social entrepreneur is Muhammad Yunus, founder and manager of Grameen Bank and its growing family of social venture businesses, who was awarded a Nobel Peace Prize in 2006. The work of Yunus and Grameen echoes a theme among modern day social entrepreneurs that emphasizes the enormous synergies and benefits when business principles are unified with social ventures. In some countries - including Bangladesh and to a lesser extent, the USA - social entrepreneurs have filled the spaces left by a relatively small state.



In India, a social entrepreneur can be a person, who is the founder, co-founder or a chief functionary (may be president, secretary, treasurer, chief executive officer (CEO), or chairman) of a social enterprise, or a Non Profit, which raises funds through some services (often fund raising events and community activities) and occasionally products. Today, nonprofits and non-governmental organizations, foundations, governments, and individuals also play the role to promote, fund, and advise social entrepreneurs around the planet. A growing number of colleges and universities are establishing programs focused on educating and training social entrepreneurs.

Social Entrepreneurship Model



With the current economic climate, it is very likely that social needs will increase and, consequently, the number of people committed to addressing them will increase. Definition of social entrepreneurship has changed over time. From corporate philanthropy to non-profit and now to self-sustainability, Social Entrepreneurship has evolved and will keep evolving with time and needs of the world. Social entrepreneurship is expected to be the next big thing to influence India as the country juggles to achieve a balance between a growing GDP growth, ensuring inclusive growth and attempting to address issues ranging from education, energy efficiency to climate change.

LITERATURE REVIEW

Ana María Peredoet, al. (2006) in their study entitled, “Social Entrepreneurship: a critical review of the concept”, stated that - This paper undertaken an analytical, critical and synthetic examination of “social entrepreneurship” in its common use, considering both the “social” and the “entrepreneurship” elements in the concept. The paper concludes with the proposal of a suitably flexible explication of the concept: social entrepreneurship is exercised where some person or persons (1) aim either exclusively or in some prominent way to create social value of some kind, and pursue that goal through some combination of (2) recognizing and exploiting opportunities to create this value, (3) employing innovation, (4) tolerating risk and (5) declining to accept limitations in available resources.

Dr. Partap Singh (2012), titled “Social Entrepreneurship: A Growing Trend in Indian Economy” stated that - Social entrepreneurs can help get better various issues like nutrition, education and health care and many are still blighted by unemployment and illiteracy by helping those less fortunate towards a worthwhile life. Rather than leaving societal needs to the government or business sectors, they can solve the problem by changing the system. Social entrepreneurship is expected to be the next big thing to influence India as the country juggles to achieve a balance between a growing GDP growth, ensuring inclusive growth and attempting to address issues ranging from education, energy efficiency to climate change.

Richy Daniel Oommen, in his study entitled “Social Entrepreneurship in India – Opportunities and Challenges in The Current Scenario” stated that - Social entrepreneurship is a topic of growing interest among academicians and practitioners. The potential of social problems in India is well known, but the degree of support and interest is hardly significant. The Indian scene is full of possibilities and challenges. The country possesses capable human resources, and has made good progress in achieving scientific and technological capabilities. India is experiencing an increase in social entrepreneurship and attempts by social entrepreneurs to find affordable solutions to various social problems of society.

Anirudh Agrawal (2016) in his work titled “Corporate Social Entrepreneurship in India” mentioned that - In this article we developed an integrated model for CSE based on three cases of CSEs in India, a context that has only received limited attention in the extant literature on CSE. We illustrate that CSE actions are determined by environmental and organizational factors. In addition, we provide empirical evidence that companies can

obtain explicit and implicit benefits by addressing prevailing social problems using a CSE approach.

Dr. Hemantkumar P. Bulsara et, al. (2014) in their study entitled “Social Entrepreneurship in India: an exploratory study” stated that - Social Entrepreneurship is an all-encompassing nomenclature, used for depicting the process of, bringing about social change on a major and impactful scale compared to a traditional Non-Governmental Organization (NGO). It is an increasingly important concept in the study of voluntary, non-profit and not-for-profit organizations. Earlier, organizations addressing key social issues were assumed to be idealistic, philanthropic with entrepreneurial skills.

RESEARCH DESIGN

Statement of the problem

Social entrepreneurship is growing trend in India. Many organisations are involved in solving social problems. Apart from growing trend, they are also facing many challenges viz, lack of financial support, govt. support, mis-utilisation of benefits and many. In developing Indian economy their role is magnificent. Hence, need to develop a model where these problems can be solved to the maximum.

Objectives of Study

1. To understand the concept of social entrepreneurship.
2. To know the role of social entrepreneurs in the development of Indian economy.
3. To identify the problems and challenges facing by social entrepreneurs.
4. To evaluate the benefits of social entrepreneurship to the society.
5. To motivate the new start-ups to contribute to the society.
6. To find the model to solve the challenges facing by them.

Sources of Data

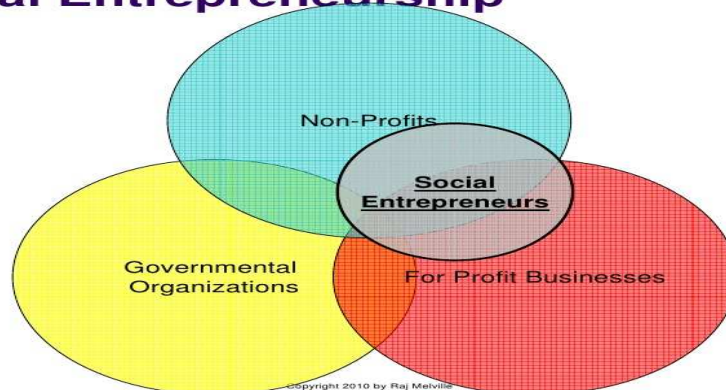
The study conducted by getting information through these sources. The data which is mainly collected from secondary sources comprising, various reports like Govt. reports, articles published in journal, newspapers, RBI publications and also articles published by ministry of corporate affairs etc.

CONCEPT OF SOCIAL ENTREPRENEURSHIP

Social Entrepreneurship as the concept was coined long ago but has been in the corporate parlance in just the recent past. Traditionally, entrepreneurship has been associated with profit making individuals who aim high and achieve a lot for themselves in the world of tough competition. And the success of enterprise was and is being judged on parameters like ROI and Net Income margins. But, with the empowerment and awareness of the citizens of the developing world, a new revolution has started, particularly among the youth of the world. This revolution is the growth of Social Entrepreneurship — the form of entrepreneurship where profits are not the end result, but just the means to achieve the end result of social upliftment and further empowerment.

Initially, the concept of social entrepreneurship used to be associated with the Corporate Social Responsibility of the corporate houses that provided funds to the charitable institutions to run the philanthropic organizations at a small scale. These institutions or organizations did not have any business model of their own and largely operated with the funds from government or donations from the donors.

Social Entrepreneurship



OPPORTUNITIES FOR SOCIAL ENTREPRENEURSHIP

Social entrepreneurship is a new form of entrepreneurship that exhibits characteristics of nonprofits, governments and businesses. It applies traditional (private-sector) entrepreneurship's focus on innovation, risk taking and large-scale transformation to social problem solving. The social entrepreneurship process begins with a perceived social opportunity is translated into an enterprise concept; resources are then ascertained and acquired to execute the enterprise's goals. Social entrepreneurs sometimes are referred to as "public entrepreneurs," "civic entrepreneurs," or "social innovators".

Historically, the main operational areas in which social entrepreneurs create change have been (Bornstein 2004):

- Poverty alleviation through empowerment, for example the microfinance movement
- Health care, ranging from small-scale support for the mentally ill 'in the community' to larger scale ventures tackling the HIV/AIDS pandemic
- Education and training, such as widening participation and the democratization of knowledge transfer.
- Environmental preservation and sustainable development, such as 'green' energy projects.
- Community regeneration, such as housing associations.
- Welfare projects, such as employment for the unemployed or homeless and drug and alcohol abuse projects.
- Advocacy and campaigning, such as Fair Trade and human rights promotion.

CHARACTERISTICS OF A SOCIAL ENTREPRENEUR

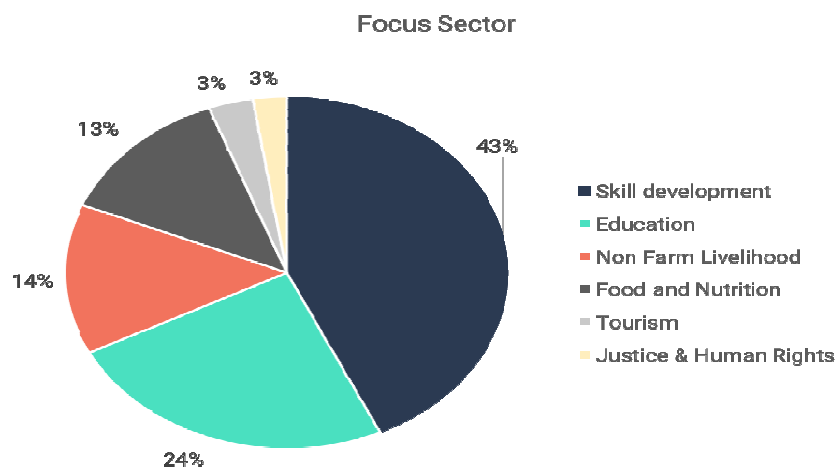
A social entrepreneur is someone who has decided to turn his or her entrepreneurial bent onto the social realm, to undertake an initiative that will benefit the greater number of people, not just a few shareholders or stakeholders. This kind of entrepreneurs typically meshes the rigor and risk-taking you see in all business owners, but they also shun the limelight and want others to shine. Here are 10 characteristics that successful social entrepreneurs have exhibited in the last two decades or more.

- Motivated and driven
- Taking action
- Creativity
- Prepared to take risks and make sacrifices
- Self-awareness
- Securing engagement

SOCIAL ENTREPRENEURSHIP IN INDIA

India has the world's second largest labour force of 516.3 million people and although hourly wage rates in India have more than doubled over the past decade, the latest World Bank report states that approximately 350 million people in India currently live below the poverty line.

With an estimated population of 1.2 billion people, this means that every third Indian is bereft of even basic necessities like nutrition, education and health care and many are still blighted by unemployment and illiteracy. Social entrepreneurs can help alleviate these issues by putting those less fortunate on a path towards a worthwhile life. Rather than leaving societal needs to the government or business sectors, they can solve the problem by changing the system.



Social entrepreneurship is a growing, worldwide movement. The scope of social work is no longer limited to activism. Today, there are many opportunities in child welfare, community policing, healthcare, counseling etc. in not only NGO's but also national and international bodies as well as social enterprises. Additionally, there is immense scope for social entrepreneurship and starting your own social initiatives. Social entrepreneurship will play a big role in bringing the growth to the rural masses in India and so it becomes

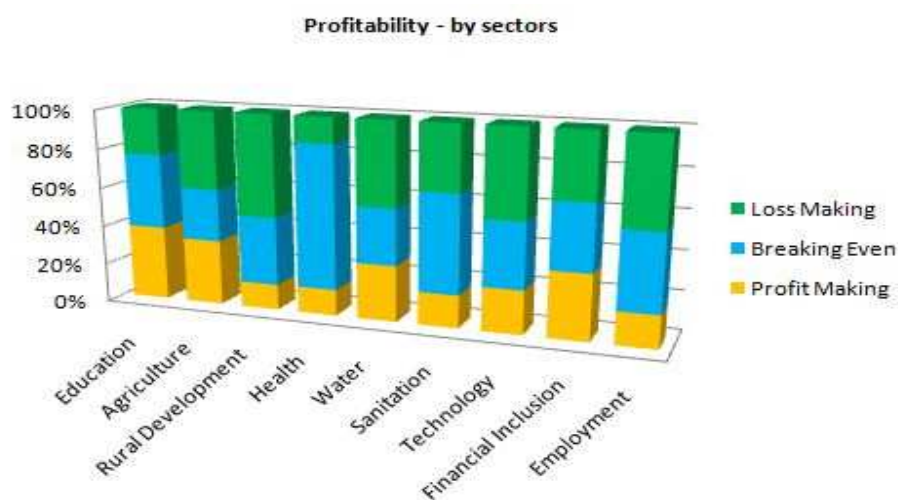
important to study the factors, like fair trade, that will shape the social entrepreneurship philosophy.

Who is a Social Entrepreneur?

The degrees to which social entrepreneurs pursue social impact as opposed to profitability vary, but in all cases financial sustainability is fundamental. One approach is to create business models revolving around low-cost products and services to resolve social problems. The objective is to create a social benefit that is not limited by personal gain. Social Entrepreneurship is the process of bringing about social change on a major and more effective scale than a traditional Non-Governmental Organisation (NGO). They differ from NGOs in that they aim to make broad-based, long-term changes, instead of small-scale and time-limited changes. Furthermore, a NGO raises funds through events, activities and sometimes products. However, raising money takes time and energy, which could be spent in direct working and marketing processes. Above all, Social Entrepreneurs consider the affected people as part of the solution and not as passive beneficiaries.

FUNDING AND PROFITABILITY OF SOCIAL ENTREPRENEURSHIP IN INDIA

The other prominent change is the involvement of mainstream financial institutions in social entrepreneurship. Various venture capital firms are investing in for-profit entities with social objectives. Interestingly, specialized social investors provide capital, networking, marketing and business expertise to such ventures. As per Beyond Profit survey, Forty-five percent of respondents obtained funds from commercial sources whereas 21 percent of respondents source their funds from personal connections such as family members and friends; another 21 percent rely on grants and donations from charitable organizations. Arranging finances for a social enterprise in India is still very difficult. And knowing in which sector to finance is even more difficult. In bar diagram mentioned below is a mention of profitable sectors and a trend which clearly states areas to divert funds.



SOCIAL ENTREPRENEURS IN INDIA-

As per the Asian entrepreneurs “Social entrepreneurs are those adventurous, dare devils who drive deep into the pressing problems of society and try to find solutions to them, not by leaving the responsibilities in the reins of the government or business, but by trying to change systems as a whole and persuading societies to take new initiatives”. Following are the some examples of social entrepreneurs in India, who are working in different domain of social entrepreneurship-

1. Jeroo Billmoria-Jeroo Billmoria is an accomplished social entrepreneur and the founder of several international NGOs. Her pursuits have earned her accolades with Ashoka Innovations for the Public, the Skill Foundation and the Schwab Foundation for Social Entrepreneurship.

2. Ajaita Shah-Business Week ranks her as the most influential leader under 30, working for tenure of 5 years in SKS Microfinance and Ujjivan Financial Services. Frontier Markets organisation is her brain child. Being a 2012 Echoing Green Fellow is to be of aid to 30 million rural households in the next 3 years.

3. Harish Hande- Founder of SELCO, he has a reputation of installing 120,000 systems in Karnataka, his aim being making renewable resources the predominant source of energy in rural India. Stressing as an observer of minute details, he letter grew into an innovator and a social entrepreneur.

4. Sushmita Ghosh-She deals mainly with craft and restore from rural India, contributing to the present success of Rangasutra (a for-profit venture) and retailing from FabIndia. She collects, what she calls ‘priceless’ products from these talented and dedicated villagers and helps them earn their living they deserve.

5. Trilochan Shastry-Often a simple act of bravery can move mountains. That is the story of this social entrepreneur. He filed a PIL which later turned into a judgment coaxing politicians to confess to their misdeeds. His efforts led to the form of ADR (Associations for Democratic Reform) responsible for scrutinizing the elections every 5 years.

6. Hanumappa Sudarshan-Winner of the Indian Social Entrepreneur of the year 2014, awarded by Finance Minister Arun Jaitley. He is the founder of the Karuna Trust, associated with healthcare services. The award is under the reputed Schwab Foundation for Social Entrepreneur.

ROLES AND RESPONSIBILITIES OF SOCIAL ENTREPRENEURS TOWARDS INDIA SOCIETY

As mentioned earlier as well, India and similar societies provide best grounds for social entrepreneurship to prevail and grow to its best. Developed societies have limited scope for social entrepreneurship, as the social inequalities are minimalistic. The responsibility of any entrepreneur is highly and prominent in nature, but when it comes to social entrepreneurship or social entrepreneurs, they are inevitable for social up liftment. The roles and responsibilities of social entrepreneurs are given as under with reference to India society-

1. Social entrepreneurs have the capacity to influence the society by their unique product/service aimed at the social upliftment. Their role begins with identifying the social problem which concerns everybody rather than certain sect of people in society. So identifying an appropriate social issues/problem is very important.

2. Social entrepreneurs in India face certain problems related with mindset of people who do not want to change their way of doing things. The biggest role of social entrepreneurs is pursuing them to make fundamental changes, which will reflect in overall society.
3. Social entrepreneurship depends upon social innovations; the challenge is to create such innovations which can resolve the social problem completely by using minimum resources.
4. Social entrepreneurs have the role to reach at the remotest corner of country for targeting the social sections, which are deprived to basic facilities. The responsibility of social entrepreneurs is to reach such people and serve them positively.
5. Social entrepreneurs are supposed to provide employment as well with their unique approach. Providing employment to local people having minimum skills and qualifications is biggest responsibility of social entrepreneurs.

CHALLENGES FACED BY SOCIAL ENTREPRENEURSHIP IN INDIA

Social entrepreneurship, like any other branch of social entrepreneurship also faces challenges. All the challenges are either controllable or non-controllable, but all the challenges are manageable. Social entrepreneurship is slightly and somehow fundamentally distinctive to economic entrepreneurship, so are the challenges of social entrepreneurship. In India particularly social entrepreneurship is subjected to many challenges.

- 1. Confusion with social work-** Social entrepreneurship in India is mostly confused with social work; hence it is unable to make a mark as an individual entity in India. This is starting of challenge for social entrepreneurship.
- 2. The problem of creativity-** The next problem which is faced by social entrepreneurship is lack of creativity regarding thinking great ideas for betterment of society and earning profits as well.
- 3. Arranging finance-** One of the challenges for entrepreneurship in India remains lack of financial sources. The social entrepreneurs offering a unique product and set of services make it even harder to get financial aid from the established financial institutes.
- 4. Shortage of talented/dedicated workforce-** This is a very unique challenge faced by social entrepreneurship exclusively. Generally people get into jobs to get a handsome salary and perks, but with social entrepreneurship this becomes a bit hard.
- 5. Setting and communicating value objectively-** The important challenge of social entrepreneurship is to setting and communicating values clearly. Usually what happens is, value may differ from society to society based upon their exclusive needs.
- 6. Elevating the individuals-** The most prominent and visible challenge before the social entrepreneurship is to elevate people from their current place of standing by making positive and substantial opportunities
- 7. Lack of an ethical framework-** Since social entrepreneurs are very concerned about the societal changes and upliftment of people, sometimes they adopt a less ethical way of conducting their business. This challenge is very rarely visible yet exists in some extreme cases in India. Since society to society the ethical parameter shifts.

8. The commercial assumption- Social entrepreneurship does not take commercial viability or assumption as their priority. This is one of the biggest challenges when it comes to commercial assumption of facts and ideas. Since socially things may be accepted but financially/commercially they may not.

9. Lack of evidence- Unlike economic entrepreneurship, social entrepreneurship has fewer evidences of changes they have pioneered in society. Such changes are very hard to keep a track of, as people move from one place to another frequently for several reasons.

10. Lack of Planning and appropriate structure- This is the challenge which is haunting the entrepreneurship for many decades and still does to some extent. Lack of planning is very crucial and it is normally the cause of failure of social enterprises.

MEASURES TO FACE CHALLENGES

There is no doubt that social entrepreneurship is subject to many challenges and these challenges are growing with time and dynamics of society. Social entrepreneurs have to take care and keep note of tiny details to face the prevailing (above mentioned) challenges. There are few steps/measures which can be practiced to face the prevailing challenges of social entrepreneurship in India-

- **Proper training and development institutions-** Government must open some specialized councils and institutions for systematic development of social entrepreneurship. Some of the institutions are working in the area of economic entrepreneurship; some must be opened for social entrepreneurship as well.
- **Inclusion of social entrepreneurship in course syllabus-** One of the most effective way of disseminating awareness towards social entrepreneurship is to include a paper/subject on the same at higher education level.
- **Creation of mass awareness-** Steps should be taken to make the mass aware towards the social entrepreneurship, so that people do not get confused between social entrepreneurship and social work. Media, social media, other vehicles can be deployed for the same.
- **Providing infrastructure and basic facilities-** Government and other stake holders must work on the basic facilities to the social entrepreneurship. These facilities can attract people towards becoming social entrepreneurs, thus the spread of social entrepreneurship will increase to multi folds.
- **Social entrepreneurship development programmes-** Like entrepreneurship development programmes, social entrepreneurship programmes must be organized time to time to help social entrepreneurship. Such organization will help in increasing the overall motivation of social entrepreneurs.
- **Funding to social entrepreneurship-** If the funding issue of social entrepreneurship is resolved, the maximum level of challenges faced by social entrepreneurship can be managed properly.
- **Government projects should be given to social entrepreneurs-** Governments of several states time to time plan different programmes for rural and semi urban areas. If the priority of such programme allocation is given to social entrepreneurs, they will flourish in no time.

- **Awards and public felicitation-** Time to time on proper and prestigious platforms social entrepreneurs must be publically awarded for their exception/distinct contribution as a social entrepreneur.

CONCLUSION

Social entrepreneurship is the work of a social entrepreneur. A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create and manage a venture to make social change. Social entrepreneurship is a process aimed at enabling business to develop more advanced and powerful forms of social responsibility. Social networking sites and initiatives in the virtual world requires a bringing together of it with the harsh reality of brick and mortar world. The studies mentioned above will give aid in cementing a symbiotic relationship.

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