

Social Entrepreneurship in India- An Overview

SMS Journal of Entrepreneurship & Innovation
4 (1) 71-81
<https://doi.org/10.21844/smsjei.v4i01.10811>

Chetna Singh*

Abstract:

Social entrepreneurs are the person who identifies the social problems and try to resolve it with various innovative ways thus trying to bring a social change. Social entrepreneurship is gaining popularity worldwide and attracting interest among academicians and researchers. Social entrepreneurship is generally defined as “an Entrepreneurial activity with an embedded social purpose”.

Social entrepreneurship is basically an act of recognising the social problem and by using the entrepreneurial principles try to manage a social venture so as to achieve a desired social change. Social Entrepreneurship is becoming popular because development of any nation is depends upon how social problems is handled. For developing nations like India it is very important to uplift the condition of bottom of pyramid and social entrepreneurship is like a vaccination for this problem since it involves underdeveloped and unprivileged groups of the society.

Though, social entrepreneurship is gaining popularity, it has to face various challenges at the same time. The objective of the paper is to study the meaning of social entrepreneurship and the various challenges faced by them while serving for the welfare of the society.

Keywords- *Social entrepreneur, social entrepreneurship, social problem, social change, social venture, challenges.*

Introduction

Social entrepreneurs are not content just to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry."

-Bill Drayton.

“Social Entrepreneurs are key to delivering basic services and opportunities to India's Have- nots”

– Klaus Schwab, Founder & executive chairman, world economic forum.

India is the second most populous country in the world constituting 17.5% of the world's population

and the third largest economy in terms of gross domestic product. Its two- thirds population is aged below 35 thus it is world's youngest country. In 2016-2017 India's GDP grew at a rate of 6.4% and is predicted to grow at 7.5% in 2018 and further to 7.7% in 2019. In spite of being the second fastest growing economy, India comprises 40% of the world's poor population and moreover 30% of the population is living below the poverty line thus still fighting with problems like illiteracy, poor health care, malnutrition etc.

The economic development of any country is very much depends upon its industrial development and

*Research Scholar, Institute of Management Studies, BHU., Mobile: 9453365004, Email Id: chetnas@fmsbhu.ac.in, schetna2007@gmail.com.

industrial development is based on the entrepreneurial competencies of the people of that nation. Entrepreneurs are highly motivated, innovative and critical thinkers, when these qualities are combined together to solve a social problem or to bring a social change, a social entrepreneur is born. These enterprises work with the aim of improving the welfare of the society thus helping in overall development of the nation, since it works on bottom of pyramid and involves underdeveloped and unprivileged group.

The term social entrepreneur and social entrepreneurship was first used in 1953 by H. Bowen on his book "Social Responsibilities of the Businessman". The term was promoted by Bill Drayton, Charles Leadbeater, and others in 1980s and 1990s. Social entrepreneurship is basically an act of recognising the social problem and by using the entrepreneurial principles try to manage a social venture so as to achieve a desired social change. Social entrepreneurs usually identify new innovative processes to deal with the complex social problems thus trying to bring a social change.

Objectives

1. To study the concept and meaning of social entrepreneurship
2. To study the challenges faced by the social entrepreneurship

Research methodology

The study is based on secondary data. The data has been collected from various journals, research papers, British council report on social enterprises in India, Global Entrepreneurship Monitor 2015 to 2016: Special Report on Social Entrepreneurship and Swissnex India I Consulate General of Switzerland report on Social Entrepreneurship in India etc.

Review of Literature

Ana María Peredo (2005) conducted a study on social entrepreneurship: a critical review of the concept. The paper undertakes 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 study concludes that social entrepreneurship is exercised where some person or persons have aim of either exclusively or in some prominent way to create social value of some kind, exploiting opportunities to create the value, employing innovation, tolerating risk and declining to accept limitations in available resources.

Brigitte Hoogendoorn and Enrico Pennings (2010) make an attempt to measure the current state of empirical research on social entrepreneurship and to highlight potential areas for future theory building and theory testing. For the study the author has reviewed 31 articles and performed an analysis on a general methodological level and on a content level. The study concludes that there are a limited number of empirical studies with a limited quantitative research approach mainly of an exploratory type; rigorous hypothesis testing is lacking; little variety in research design is applied; the use of primary data prevails; and research is based on relatively small sample sizes.

Dr. N. Rajendhiran and C. Silambarasan (2012) makes an effort to know the different challenges faced by the social entrepreneurs in their paper challenges in social entrepreneurship. The study is exploratory in nature and was conducted on 100 social entrepreneurs in Salem region of Philippines by using simple random sampling. Factor analysis was used for data analysis. The author concludes that there are seven crucial factors which act as a challenge for social entrepreneurs, these are family and friends support, business people support,

earning profit, sustaining employees, getting expert's assistance, promoting awareness and improving quality of life.

Samer Abu-Saifan (2012) conducted a study on *Social Entrepreneurship: Definition and Boundaries*. The purpose of the study was to define social entrepreneurship, discusses the boundaries of socially-oriented entrepreneurial activities, and the positions of social entrepreneurs in the field of entrepreneurship. The author has stated that Social entrepreneurship has recently emerged as a field of academic inquiry, but due to the lack of common definition of social entrepreneur it creates hindrances in research in this field and suggested that future research should focus on linking social entrepreneurship as a new discipline and research field to the theory of entrepreneurship.

Dr. Brijesh Sivathanu (2013) tries to study the concept and meaning of social entrepreneurship and the challenges faced by social entrepreneurship in his paper entitled *challenges for social entrepreneurship*. The study was conducted in Pune city with sample size of 30 social entrepreneurs using simple random sampling technique. The study concludes that the social entrepreneurship has emerged to a greater extent and it provides a greater benefit to bottom of pyramid. Though there are many challenges, there is a lot of scope for social entrepreneurs in India.

Mahesh U. Darul and Ashok Gaur (2013) conducted a study on social entrepreneurship - a way to bring social change. The paper shows lights on how development of social entrepreneurship can solve the problems of society which is ignored by commercial and Government enterprises. Study concludes that in developing countries like Pakistan, Bangladesh including India there are many challenges for the development of social entrepreneurs and suggested that more empirical studies are needed to map the opportunity space for

social entrepreneurs and to examine whether and how the nature of social opportunities affects the entrepreneurial process.

Marzena Starnawska (2014) conducted a study on *methodological challenges in social entrepreneurship* – on the nexus of economics and management area. The objective of the study was to bring light on the methodological challenges that impede the development of social entrepreneurship. The study was descriptive in nature and concludes that studies on social entrepreneurship in economics will follow a stance where reality is external and requires verification of predictions about it and studies on social entrepreneurship in management field paradigm choice is wider as the reality subjective in nature and depends on who establishes it.

Mir Shahid Satar (2016) attempts to develop a conceptual framework of social entrepreneurship and to know the recent policy development in India for social entrepreneurship in his paper *a Policy Framework for Social Entrepreneurship in India*. The author concludes that there is a significant increase in the policy development efforts from Governments of certain developed countries, but there are little or no concerns for social entrepreneurship policy framework in majority of developing countries including India.

Richy Daniel Oommen tries to shed light on the challenges and opportunities facing the social entrepreneurship in India in his paper *Social Entrepreneurship in India – Opportunities and Challenges in The Current Scenario*. The author concludes that India is experiencing an increase in social entrepreneurship and attempts by social entrepreneurs to find affordable solutions to various social problems of society and suggested that with changes in technology and increasing competition, social entrepreneurs have to become more dynamic.

Social Entrepreneurship

The term social entrepreneurship was first used in 1953 by H. Bowen on his book "Social Responsibilities of the Businessman". Etzioni in 1973 suggested that there is a need of new form of organisations which would provide innovations and motivated more towards social goals rather than material profits. The term was promoted by promoted by Bill Drayton, Charles Leadbeater, and others in 1980s and 1990s.

The term social entrepreneurship is meant different to different group of peoples. One group considers social entrepreneurship as non-profit initiatives taken in search of management schemes, alternative strategies of funding so that to create social value (supported by Austin, Stevenson, & Wei-Skiller, 2003; Boschee, 1998). Second group means social entrepreneurship as the socially responsible practices by commercial business which are engaged in cross sector partnerships (supported by Sagawa & Segal, 2000; Waddock, 1988). Third group considers it as a means to reduce social problems and to accelerate the social transformation (supported by Alvord et al., 2004; Ashoka Innovators, 2000).

Social entrepreneurship is basically an act of recognising the social problem and by using the entrepreneurial principles try to manage a social venture so as to achieve a desired social change. It may be in three different forms- **Leveraged non-profit**: Under this form the businesses leveraged the financial and other resources in a very unique and innovative way so as to responds to the desired social needs. **Hybrid non-profit**: Under this form, the organisations make profits from some of its activities so as to sustain their other businesses which are purely meant for social/ community purpose. **Social business venture**: These forms are designed specially to create social change through social means. Due to lack of funding social

business ventures are not properly grow and because of this they were forced to go for profit ventures; since, taking loans are quite difficult for social businesses.

In nut shell it can be said that social entrepreneurship tries to find out the solutions of societal problems in a new way. But still it does not guarantee sustainable value creation, so market may help time to time to determine the most suited solution of a problem.

Global scenario of Social Entrepreneurship

Social entrepreneurship is normally linked with young who desires to bring a social change. Now days, it is gaining popularity worldwide. The average rate of individuals who are currently engaged in a social entrepreneurial activity across the world is 3.7%. Across the world, the individuals who are trying to start social enterprises are 3.2% whereas on an average the individuals who are trying to start commercial enterprises in the world are 7.6%; Peru has the highest 22.2% percentage of start-ups. The gender gap between commercial enterprises and social enterprises is in the proportion of 2:1. Among the world's social entrepreneurs, 55% are males and 45% are females. Though, in the Middle East and North Africa the involvement of women's in social as compared to commercial enterprises is prominent and in Southern and Eastern Asia, Latin America and the Caribbean the involvement of women in entrepreneurial activity irrespective of its type or phase is high. The average rate of innovations across the world is 1.6%; Bulgaria and Iran has the lowest whereas Philippine and Israel has the highest percentage of innovations i.e. 0.1% and 4.0% respectively.

In the Middle East and North Africa, the emerging social entrepreneurs as compared to commercial entrepreneurs are high among the age group Of 18

to 34 years. Whereas, in South-East Asia, Eastern Europe, Australia, U.S., Latin America has the highest emerging commercial entrepreneurs as compared to social entrepreneurs. **(Global Entrepreneurship Monitor 2015 to 2016: Special Report on Social Entrepreneurship)**

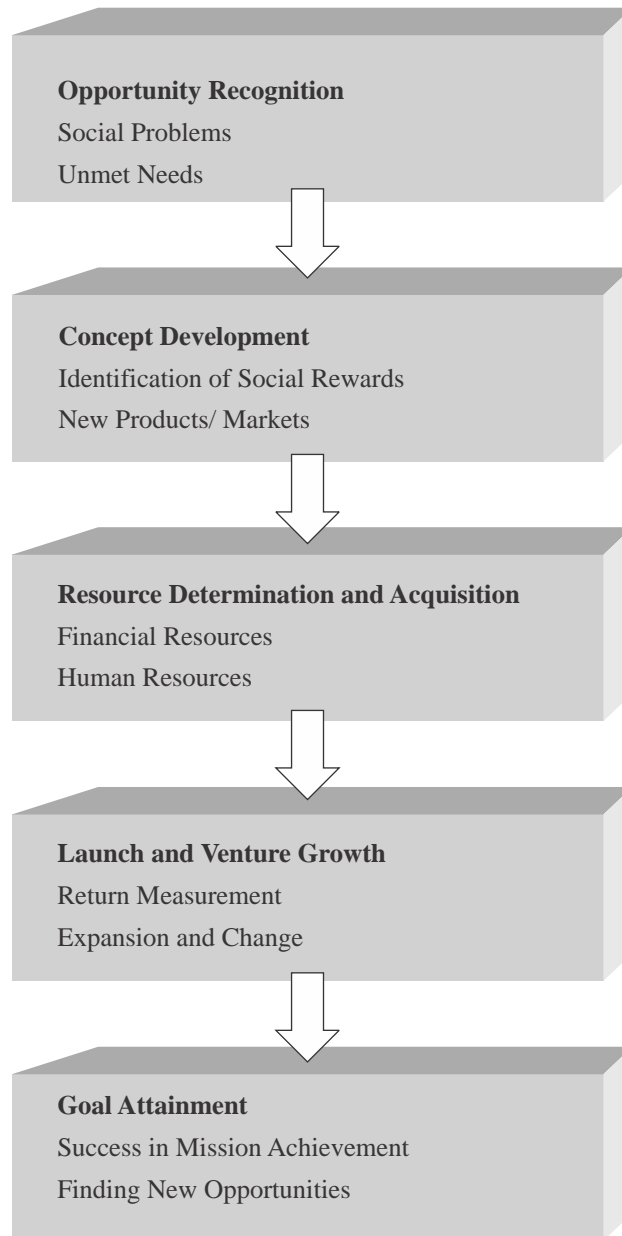
Process of Social Entrepreneurship

Social entrepreneurship is a process of grabbing opportunities and bringing a social change. But it is not just a task of one day, grabbing opportunities may not serve the purpose one must have the knowledge of translating these opportunities into a business concept. One must know how to use the limited resources to get the maximum return. The process involved in the creation of social entrepreneurship are discussed as under-values, beliefs, attitude, aspirations etc which directly or indirectly impact their approaches towards work (Rajesh & Ekambaram, 2014) and how they are different and on what aspects as

compared to the previous generation. One of the key problems faced by the organizations today is timely and judicious decision making which demands intellectual and rational judgement exerting enormous pressure among the new and young generation. A generational cohort can be defined as a group of individuals who are born around the same time period and share similar social and historical life events during their early development stages. (Twenge et al, 2010) According to Kupperschmidt, 2000a cohort develops a personality that influences a person's feelings toward authority and organizations, what they desire from work and how they plan to satisfy those desires where as a generation can be defined as a group of identifiable individuals that share years of birth and similar significant historical or social life experiences/events at critical stages of development. However, Mannheim (1972) defines generation as a group of people of same age in a similar social setup experiencing specific range similar social events and experiences that distinguish one cohort from another (Rood, 2010).

Characteristics and Values of Different Generations in the Modern Workplace

Baby Boomers(born between 1965-1979)



Opportunity recognition

For becoming a successful entrepreneurship one must recognise the available opportunity in the society or the area in which there is a scope of

change. They must have to first identify the social problems and then the unmet needs of the society and accordingly they have to make their plan and policies so as to grab the opportunities and try to meet the needs of the society.

Concept development

Recognising the opportunity may serve nothing unless and until it was not translated into a business concept. An opportunity yields valuable projects only when it was converted into real projects. For developing business one must know about the products which are still not available in the area or have to identify the market where they can sell their products.

Resource determination and acquisition

After developing the business concept next step is to identify and acquire sufficient resources. The resources here talked off are financial resources and human resources etc. Before starting the business entrepreneurs must be clear about the amount of capital required, the sources from where they generate the required capital, the number of personnel required, the necessary skills required to perform the task, requirement of materials etc.

Launch and venture growth

After recognising the opportunity, developing the business concept and determining the acquisition of resources the project/ venture can be launched. After launching of venture the entrepreneur must continuously supervise the activities so as to assure the things are going on track and as per the plan thus achieving the desired return. The entrepreneur may also continue to invest for adopting the necessary change as well as for the expansion of the business.

Goal attainment

The last process is to check whether the desired goal is achieved as per the plan or not. If not, trying to find out the loop hole and the major reasons/ causes which created problem in the attainment of goal. At the end they must check whether the

statement mentioned in the mission is achieved or not. Above all they must have to look continuously for the new opportunities.

Qualities of Social Entrepreneurs

Mission driven

Social entrepreneurs are more motivated towards social value rather wealth creation. Though they are not working totally for non-profit but profit making is a part of their process not an end. Their main objective is to bring social change in the society by solving the social problems in a very innovative way.

Ambitious

Social entrepreneurs are more ambitious towards bringing social change. They are more prone to tackle major social issues and operate in all forms of organisations like they may be in the form of social purpose ventures, innovative non-profits organisations and hybrid organisations which includes the elements of both non- profit and profit organisations.

Result oriented

Like every business entrepreneurs, social entrepreneurs are also determined to make returns. They try to unlock the society's potential and suggest new innovative way of operations to disadvantaged and marginalised business so as to bring desired social change in the society.

Strategy

Social entrepreneurs like any entrepreneurs tries to grab the opportunity to improve the system and make efforts to provide solutions with new approaches thus helps in creating social value. They are extremely focused in their mission of

achieving a social change.

Resourceful

Unlike business entrepreneurs, social entrepreneurs don't have much resource. Since they are operating in the social context they have limited access to the financial assistance and proper market systems. Therefore, social entrepreneurs must be competent enough and have skill to use financial and political resources effectively as well as mobilising human properly.

Social entrepreneurship in India

Social entrepreneurship is growing at a very fast pace across the world, in India too it is developing fast. Since, Social enterprises are providing employment to disadvantaged and underprivileged groups thus helping in reducing the unemployment problem of the country. On an average it employs 19 people among which 17 are engaged for full time whereas 4 are part timers. It provides greater employment opportunities to women also, as 25% of the full time employees and 65% of the part time employees are women. In case of private sector or main stream business women leaders are very less in percentage i.e. only 8.5 %, whereas 24% of the social enterprises are led by women only.

In India, skill development activities engaged highest percentage of social entrepreneurial activity i.e. 54%, followed by 30%, 28%, 26% and 26% in education sector, agricultural/dairy/fisheries activities, financial services and energy & clean technology respectively. In tourism only 4% of entrepreneurial activities are involved whereas only 3% in Justice, Rehabilitation & Human Rights. According to a 2014 study, \$1.6 billion had been invested in 220 social enterprises from 2000 to 2014 (Intellectap, 2014). Central government has launched a total of 39 policies for developing and promoting social enterprises/

entrepreneurship. Out of which 26% of the policies are structured by Ministry of Micro, Small and Medium Enterprises and 16% of the policies are framed by Department of Financial Services of the Ministry of Finance.

Indian social entrepreneurs are mostly in the age group of between 35-44 years, 25% of the social enterprises in India are ruled by the youth that means an individual below 35 years, whereas the condition is bit different in the case of female leaders. Social enterprises led by the female leaders are in the age group of 25-34 years. The skill development activities and education sector is highly ruled by the youth which is 43% and 31% respectively. However the sectors like tourism and housing has the lowest young entrepreneurs.

In India, 46% of the social enterprise operates at national level, 32% operates regionally and 21% operates at international level. The social enterprises which are running internationally, 29% were operating in North India and South India, whereas only 10% were operating in East and North-East regions. However, 45% of enterprise in Eastern region and 36% in North- Eastern Region are operating only at regional level.

Challenges faced by Social Entrepreneurship in India

Undoubtedly, social entrepreneurship is gaining popularity now days, more and more people get encouraged towards it, and new entrants are there in this direction that drives more and more effective social entrepreneurial initiatives. But these social entrepreneurs have to face many challenges in their way, as truly said by **Peredo & McLean (2006)**, that there are nevertheless tremendous hurdles and challenges that many social entrepreneurs face while operating in India and that hinder the entrance of new social entrepreneurial ventures. Social entrepreneurs in India face a variety of

challenges like political interferences, unfriendly behaviour of financial institutions, lack of governmental support and like. These all problems create hurdles in the path of development of social entrepreneurship thus blocking their growth. Some of the major challenges faced by the social entrepreneurship are discussed below-

Lack of financial assistance

Lack of insufficient fund is major challenge faced by the Indian social entrepreneur. This problem exists not because of lack of funds, rather inappropriate distribution of these funds. Generally, social entrepreneurs operate their business with their own funds or they usually take loans from local money lenders at high rates as compared to bank rates and thus these funds become a financial burden for them. Since, bank avoids providing financial assistance to social entrepreneurs because of the complexities involved in social business and fear of non recovery of loans, social entrepreneurs have to deal with the unreceptive reactions of financial institutions. Because of all these challenges, they are forced to take financial help from informal channel.

Lack of skilled workforce

Success of any businesses is very much depends upon their workforce, so as the case with the social entrepreneurship. Since, social entrepreneurs are operating on minimum profit they are facing a challenges of having skilled and competent workforce. Though it is very easy for them to get volunteers but it is very difficult to have volunteers who are really talented and competent as per the requirement just like for teaching about banking functions one must have full knowledge of that. Therefore, social entrepreneurs require hard working, dedicated and committed persons who understand their ideologies of working. In order to fulfil the mission of social change in the society,

social entrepreneurs employ the workforce from the underprivileged sector of the society thus have to bear huge cost on their education and training as these peoples are uneducated and untrained.

Lack of entrepreneurial education

Education is the main basis for promoting entrepreneurship, but India is still following the traditional education system. India still lacks in having specialised course curriculum on entrepreneurial development in education system, because of this gap the India's entrepreneurial sector is still struggling and underdeveloped. In India only management institutes are running courses on entrepreneurship, whereas the other streams like arts and sciences are not running a single course on entrepreneurship.

Lack of government support

Social entrepreneurs receive less attention and government support which act as a major hurdle in the development of social business in India. The policies and regulations made for the social entrepreneurs are strict and involve very many complexities which create lack of interest and enthusiasm among people to be a social entrepreneur. Presently, the government is not providing any kind of financial assistance, subsidy or tax rebate to promote social entrepreneurs in India.

Lack of plan

In India, social One of the major challenges faced by the social entrepreneurs in India is a lack of planning. If they want to bring change in the society they must have a complete plan of why, what and how because bringing change is not a one day task but requires lot of thinking and patience. Since social entrepreneurs are lacking in having skilled workforce they face challenges in making

proper business plans thus facing problems in achieving their goals.

Lack of social and cultural support

In India the social entrepreneurs sometimes have to face the social and cultural challenges. Since they are working on the mission of social change but due to lack of awareness and acceptability among people they were not able to run their business successfully. The local community were not in a position to differentiate a social business from a normal profit oriented business. The author wants to quote here the well known example of Water Health International (WHI). WHI is a social business which aim was to aware the people about various diseases caused by water and how they can be cured but people were still in doubt that how they are providing purified water at such a low cost. So to be a successful social entrepreneur one must get aware their business among society only then they can achieve their mission of bringing social change.

Successful Social Entrepreneurship in India

Aravind Eye Hospital & Aurolab

In 1976, a trust was formed by Dr. Govindappa Venkataswamy & David Green at Madurai with a mission of providing health care services with medical technology at affordable cost with easy accessibility. Today, Arvind Eye Care Sytem is the worlds' largest and most productive eye care facility.

AMUL (Anand Milk Union Limited)

Dr. Verghese Kurien started a Co-operative organization called AMUL. Amul has been an excellent example of a successful co-operative organization. The Amul has developed a unique pattern for rural development. Amul is well known

for bringing a white revolution in India, as it has made India the largest milk producer and as well as producer of milk products.

Shri Mahila Griha Udyog Lijjat Papad

It is completely a women's organisation which was very much famous for making Papad, Massala, Khakhra, SASA Detergent Cake (Tikia), SASA Nilam Detergent Powder, SASA Liquid Detergent Vadi, Gehu Atta, etc. It has its head office in Mumbai with 67 Branches and 35 Divisions across the country. Shri Mahila Griha Udyog Lijjat Papad is started with Rs 80 only and now it has sales of over 300 crores with exports of Rs 12 crore. Initially it has only 7 sisters operating in only one building but now it has more than 40,000 sisters spread all across the India.

The Self – Employed Women' Association (SEWA)

SEWA was founded in 1972 by Ela Bhatt. It is a trade union of women who particularly earn their livelihoods in three broad categories home-based producers, hawkers and vendors and manual labourers and service providers. Initially this program is focused on improving the working conditions of members', later SEWA started providing a variety of services which are not available to their members. It is the first and largest trade union of informal sector with approximately 3, 15,000 members. It has an academy for teaching, a bank that will provide financial assistance, housing trust so as to coordinate the housing needs of the members. SEWA has emerged as an international force; working with women's and labour movements worldwide.

Conclusion

Social entrepreneurship is basically an act of recognising the social problem and by using the

entrepreneurial principles try to manage a social venture so as to achieve a desired social change. Globally it is growing at a very fast pace as the average rate of individuals who are currently engaged in a social entrepreneurial activity across the world is 3.7%. In India too social entrepreneurship is emerging at a faster pace. On an average it employs 19 people among which 17 are engaged for full time whereas 4 are part timers, it provides greater employment opportunities to women also. It can be said that social entrepreneurship tries to find out the solutions of societal problems in a new way. But still it does not guarantee sustainable value creation. There are many challenges which a social entrepreneur has to face while doing entrepreneurial activity for bringing social change like- lack of government as well as social/ cultural support. In spite of these challenges there are many successful social entrepreneurs in India like- The Self – Employed Women' Association (SEWA), AMUL (Anand Milk Union Limited) etc.

Note: The author is grateful to the anonymous referees of the journal for their suggestions to improve the overall quality of the paper. Usual disclaimers are applicable.

References:

- Abu-Saifan, S. (2012). Social entrepreneurship: definition and boundaries. *Technology innovation management review*, 2(2).
- British Council report of the state of social enterprise in India
- Daru, M. U., & Gaur, A. (2013). Social entrepreneurship-a way to bring social change. *Innovative Journal of Business and Management*, 2(1).
- Global Entrepreneurship Monitor 2015 to 2016: Special Report on Social Entrepreneurship
- Hoogendoorn, B., Pennings, E., & Thurik, R. (2010). What do we know about social entrepreneurship: An analysis of empirical research. *International Review of Entrepreneurship* 8(2).
- Peredo, A. M., & McLean, M. (2006). Social entrepreneurship: A critical review of the concept. *Journal of world business*, 41(1), 56-65.
- Rajendhiran, N., & Silambarasan, C. (2012). Challenges in Social Entrepreneurship. *International Conference on Literature, Management and Education*. 17-18.
- Richy Daniel Oommen, R.D. Social Entrepreneurship in India – Opportunities and Challenges in the Current Scenario. Department of Social Work the Oxford College of Arts.
- Satar, M. S. (2016). A Policy Framework for Social Entrepreneurship in India. *IOSR Journal of Business and Management (IOSR-JBM)*, Volume 18, Issue 9 .Ver. I (Sep. 2016), PP 30-43
- Sivathanu, B., & Bhise, P. V. (2013). Challenges for social entrepreneurship. *Intl. J. Appl. Innovation Eng. Manage.* ISSN, 2319-4847.
- Social Entrepreneurship in India. This report is created and published by: swissnex India l Consulate General of Switzerland, published June 2015
- Starnawska, M. (2014). Methodological challenges in social entrepreneurship-on the nexus of economics and management area l. *Zarzadzanie Publiczne*, (26), 239.