

SOCIAL ENTREPRENEURSHIP: CONTRIBUTIONS AND CHALLENGES

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Abstract

A social entrepreneur is “someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to bring social change”. A social entrepreneur assesses success in terms of the impact s/he has on society. Social entrepreneurs contribute significantly in the development of a country. Their contribution can be assessed in terms of four major parameters namely employment generation, innovation, social capital and equity promotion. The challenges for social entrepreneurs in India are manifold, the primary being lack of education, lack of financial assistance, lack of skilled manpower and lack of government support. Despite these challenges, a number of social enterprises have been set up in the country and are contributing in a significant way. The paper discusses at length the contribution of social entrepreneurship in country’s development, cites brief case studies of some social entrepreneurs, highlights the challenges for social entrepreneurs in India, presents some initiatives for supporting social entrepreneurship and predicts what is in store for social entrepreneurship in future.

Key words: Social Problem, Equity, Innovation, Social Capital,

Introduction

The term entrepreneurship originated in France in 19th century by J.B Say who described an “entrepreneur as an individual who stimulates economic progress by finding new and better ways of doing things” (Nagler, J., 2007). Baumol and others refer to “the willingness to take risk, to be innovative and to explore business opportunities” (ibid). Entrepreneurship is for increasing economic growth, spreading innovation, creating jobs, accumulating personal wealth(for profit business) whereas “social entrepreneurship aims to improve personal and collective well being, reducing inequalities and increasing social cohesion, as well as benefiting the community” (ibid) mainly through jobs, dissemination of social innovations, increasing the social capital, provision and delivery of collective goods and social services.

Social entrepreneurship is not a recent phenomenon rather its imprints are found in ancient literature.

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Definition of Social Entrepreneurship

“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 bring social change (Simon Bridge, Ken O’neill and Stan Cromie 2003)”. Whereas, “a business entrepreneur typically measures performance in profit and return, a social entrepreneur assesses success in terms of the impact he has on society (ibid).” There are 3 key components in the definition of social entrepreneurship are “The problem, A sustainable solution, and Social change (ibid)”.

Social entrepreneurs try to find solutions for social problems with the help of available socio-economic and political resources, providing quality education for low-income students, health facilities, food security, clothing to eradication of poverty in developing countries. They should have non-profit and for-profit organizations in collaboration with corporations, charities, and governments.

Contribution of Social Entrepreneurship in Development

Social entrepreneurship contributes in a significant way towards country’s economic growth and development. Some of these contributions are:

Employment Generation: Poverty exists everywhere and is a big challenge. There is a vicious cycle of poverty and of poverty, illiteracy, low technology and rapid population growth. The poverty scenario is more acute in developing countries and can be tackled through the promotion of social entrepreneurship. One of the United Nations-Millennium Development Goals aims to eradicate extreme poverty and hunger with the specific target.

The first major economic value that “social entrepreneurship creates is job and employment. Importantly, social enterprises provide employment opportunities and job training to disadvantaged segments of society who are long-term unemployed, disabled, homeless, at-risk youth and gender-discriminated women (Patil, B. S. (2009))”.

Innovation Goods and Services: The social enterprises develop innovative goods and services that are important to social and economic development. It includes addressing the social problems such as “HIV, mental ill-health, illiteracy, crime and drug abuse which are confronted in innovative ways. An example showing that development of a home-based care model for AIDS patients which later changed government health policy”.

(<http://www.business4good.org/2011/11/enlightened-business-summit-free-five.html>, (Accessed 12 March 2013))

Social Capital: In addition to the economic capital, social entrepreneurship also creates social capital. The social capital refers to “the resources which are linked to possession of a durable network of relationships of mutual acquaintance and recognition” (Bourdieu Pierre. 2001, Coleman James, 1988). Success stories of social capital can be found in long-term financial relationships and the ethics of cooperation for essential innovation and industrial development in Japanese and German economies. “The World Bank also sees social capital as critical for poverty alleviation and sustainable human and economic development”.

Equity Promotion: “Social entrepreneurship fosters a more equitable society by addressing social issues and trying to achieve ongoing sustainable impact through their social mission rather than purely profit- maximization” (Schwartz, B. (2013). Yunus Muhammad- the Grameen Bank supports disadvantaged women of Bangladesh. Another example, Mr. Anand Kumar is an educational social entrepreneurial venture “Super 30” who provides free coaching under his ‘Ramanujan School of Mathematics’ for underprivileged students of Patna, in Bihar state of India to get admission national level technology institutes. (<http://news.indiaonline.in/2730-Bihars-Super-30-shines-again-in-IIT-JEE-results-149>, (Accessed 19 March 2013).

In conclusion, as they are social change agents for society, they deserves much more attention from academic theorists as well as from policy makers.

Social Entrepreneurs: Case Studies

AMUL (Anand Milk Union Limited)

“AMUL started by Dr. VergheseKurien has been a sterling example of cooperative organisation’s success in the long term. It is the one of the best examples of cooperative achievement in a developing economy. The Amul Pattern has established itself as a uniquely appropriate model for rural development. Amul started the White Revolution in India, by which India becomes the largest producer of milk and milk products all over the world (www.amul.com).”

FORTH SECTOR

“**FORTH SECTOR** is one of the UK's leading and most innovative social enterprises. The primary focus of charity is to provide employability support to help the people with mental health problems. The Employability Services team, which is a part of Forth Sector, provides individuals with the opportunity to develop their employability skills to enable them to gain employment, a place in training or education, or volunteering. It is a social firm with the aim of maintaining a successful business while providing training and supported

workplace opportunities for people who have experienced mental health problems (www.forthsector.org.uk).”

Initiatives for Supporting Social Entrepreneurs

Tata’s Social Enterprise Challenge: It is a joint initiative by the TATA Group and the Indian Institute of Management (IIM) Calcutta, to find the most promising social enterprises for India. The initiative should be “focused on creating social impact in India. Ventures can be for-profit, nonprofit, or hybrid models, but the need is to have sustainable business models which should be according to Indian circumstances and condition” (<http://www.myfaridabad.in/forum/tata-social-enterprise-challenge-t1481.html>, Accessed 18 March 2013).

LGT Venture Philanthropy’s SWAP: Its Smiling World Accelerator Program (SWAP) was launched began in 2012, for Southeast Asia, especially for Thailand, Vietnam, Indonesia and the Philippines applicants. “The SWAP is an intensive 9-24 month program which offers social enterprises small amounts of risk capital (equity, loan, and grant), business consulting services, access to mentors and co-investors, and tailored resources”

(<http://www.socialenterprisebuzz.com/2012/12/31/a-new-year-means-new-opportunities-in-social-enterprise/>, (Accessed 19 March 2013).

Social Enterprise Incubators and Accelerators: Under this programme, social entrepreneurs get the “chance to interact with the seasoned entrepreneurs and mentors, career guidance, financial assistance to bright young students from low-income backgrounds, refine the business model, receive start-up capital, or pitch the business to potential investors” (ibid).

Global Social Benefit Incubator: The Centre for Science, Technology and Society of Santa Clara University provides capacity building program for leaders of social benefit enterprises under the Global Social Benefit Incubator programme. “Their focus has been to connect entrepreneurs with successful Silicon Valley executives, academic leaders, and mentors to build social ventures with strong business models (<https://www.scu.edu/socialbenefit/news/blog> (Accessed 19 March 2013).”

Echoing Green Fellowship: This Echoing Green Fellowship provides “seed funding to a diverse group of the world’s most promising social entrepreneurs to launch new organizations”. Example, AYZH is an enterprise in health care sector for developing “affordable health technologies for women in rural India”. (<http://www.echoinggreen.org/fellowship/echoing-green-fellowship>, (Accessed 12 March 2013).

Ashoka Fellowship: “Virginia (USA) headquartered Ashoka founded by Bill Drayton in 1980 identified its first Ashoka fellows in India in 1981. The number of fellow nominations the Ashoka India receives is on the rise” (ibid).

Skoll Awards for Social Entrepreneurship: The Social Entrepreneurship is given Skoll award every year to a select few social entrepreneurs. “The Skoll Award, Oxford, recognizes organizations with the potential to not only be individually successful, but also to catalyze large-scale, system-level change whose proven innovations have demonstrated impact on some of the world’s most pressing problems (<http://www.skollfoundation.org/about/skoll-awards/> (Accessed 14 March 2013))”.

“The National Association of Street Vendors of India (NASVI) and Nidan, an organisation that supports unorganized workers, was honored with the SkollAward on 29 March, 2012 (<http://nasvinet.org/newsite/>, (Accessed 14 March 2013)).”

Challenges for Social Entrepreneurs in India

Lack of Education in social Entrepreneurship: The Indian education system, specifically the curriculum and training are still lacking which poses challenge in finding competent and skilled promoters.

Lack of Financial Assistance: There are challenges for the social entrepreneurs terms of financial assistance. The financial institutions and government are unreceptive towards their work so they usually take assistance from venture capitalist and philanthropic organizations.

Lack of Skilled Manpower: There is increasing need of training and developmental cost as the manpower from the underprivileged sector of the society who are typically uneducated and unskilled. Their participation is inevitable to address the divergent groups for social change.

Lack of Government support: There is negligible support of Government for the social entrepreneurs. Though there are policies and regulations for them with no tax incentives or subsidies but are complex and strict for social entrepreneurs for social business.

Promoting Social Entrepreneurship in India

Social enterprises have been dubbed as a new breed of business models that advance social change. For India, where every fourth Indian is living below poverty line social enterprises need to emerge to bring change. India's ecosystem is unfavourable for such an entrepreneurship. The mechanisms for mobilising and monitoring funds towards developmental initiatives are not well developed in India. Secondly, education plays an important role. It requires empathetic understanding of societal issues, a new mind set of collaboratively creating, distinct capabilities to “do more with less for more”. In education system, a curriculum, pedagogy and evaluation system is needed.

It has been seen that the social entrepreneurs in developed countries are able to access financial and other support comparatively in much easier way. For example, the Government of Scotland recently launched its “Social Entrepreneurs Fund” and Income Tax Act in favor social entrepreneurs of South Africa to promote social entrepreneurship. The Government of India can also help the social entrepreneurs of the country by launching such like schemes.

Suggestions for Promoting Social Entrepreneurship in India

1. Promoting the concept of social entrepreneurship through education institutions right from school level, so that the students are have social concerns.
2. Specific schemes should be designed for financial corporations and banks so as to facilitate social entrepreneurs.
3. The entrepreneurial training organizations for the capacity building.
4. The entrepreneurial support agencies should launch different schemes offering facilities and incentives in various social entrepreneurship sector.
5. The departments/ schools of in the universities should offer a core subject on social entrepreneurship as their curriculum.
6. Acknowledgement of social entrepreneurs by instituting awards and prizes for them.
7. Concession in the form of income tax exemptions, subsidies etc. for socially relevant ventures benefitting the disadvantaged sections of the society.
8. Sustainable involvement of various sections of society like women, rural people, NGO's etc to promote social enterprises.
9. The best practices of social entrepreneurship across the world should be studied and adopted according to Indian conditions.
10. Exclusive technology business incubators to be established to nurture the young social entrepreneurial ventures.

Conclusion

There is rapid increase in social entrepreneurship as a means of developing innovative solutions for social problems, leading to economic stability and sustainability in the World. However, the achievements in the field of social entrepreneurship in India is waited. On the other hand there are problems liked disparities in education, economic opportunity, Sustainable market, Healthcare, Food security, sanitation and hygiene Peace and human security, Deforestation etc.

The social entrepreneurs can do immense work in this sectors and for the upliftment of poor, downtrodden and other disadvantaged sections of the society. The Government of India needs to recognize the role of social entrepreneurship for social change by designing policies and programme and its effective implementation for just and egalitarian society..

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