Development and practice Of Social Entrepreneurship In India

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ABSTRACT: As we know social entrepreneurship has recently captured the attention in academic and corporate world, it has actually been in practice for only some time. This paper studies the definitions of social entrepreneurship that have evolved over the time and the major distinguishing traits of social entrepreneurs and traditional entrepreneurs. The study also aims to analyse the current scenario of the social entrepreneurship concept and the key factors that have promoted its growth in India. Further the focus shifts to detail out the differences between non-profits and for-profit firms in context of social entrepreneurship. The research paper also highlights the main operating challenges that social enterprises face in India, forth which the paper recommends certain suggestions in pursuit of the same.

1. INTRODUCTION

Most of the economists and academicians strongly believe that entrepreneurship has proven to be a strong factor in the growth and development of societies. As entrepreneurial activities generally lead to outcomes as: i) decreased unemployment rates; ii) enhanced tendency to adopt innovation; and iii) accelerated structural developments in the country, the fact that entrepreneurial activities are functional in innovation-driven or factor-driven economies becomes irrespective (Porter et al., 2002). Entrepreneurs have proven to bring that powerful impact which can create transformational changes. Researchers are advocating entrepreneurship as the catholicon for various social and environmental concerns (Hall et.al. 2010). In the recent years, the concept of social entrepreneurship has gained popularity with its distinct approach of integrating economic and social value creation. A social entrepreneur targets a societal problem in a manner where the activities of entrepreneurs are linked with the aim of social value creation with less focus on profit generation. A social entrepreneur "combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley" (Dees, 1998). Austin et al., 2006 defined social entrepreneurship as "entrepreneurial activity with an embedded social purpose". Thompson (2002) argued in the context of entrepreneurship that the entrepreneur is incentivized to generate greater profits and as more profit is made, more social problems are mitigated (Thompson 2002). However the terms 'social enterprise', 'social entrepreneurship' and 'social entrepreneur' are not synonyms (Defourny and Nyssens 2008), but the growing attention in this field is directly linked to the fact that social enterprises constitute of the rapidly growing category of organizations in the world. The business schools around the world have setup research institutes and are involved in imparting education programs on social entrepreneurship. Hence it is clear that there is a rapid growth of interest in this domain among both academicians and practitioners (Hulgard 2010). The all-encompassing efforts of Ashoka, an organization established in 1980 by Bill Drayton to provide funding to entrepreneurs with a social intent, the idea of Grameen bank founded in 1976 by Professor Muhammad Yunus in 1976 to eliminate poverty and empower women in Bangladesh, Skoll foundation established by Jeffrey Skoll of Ebay to support social entrepreneurs, these are some of the contemporary manifestations of a not so new phenomenon. Consequently, social entrepreneurship has been acknowledged as a new rising category of entrepreneurship based on social wealth creation as its main motive as opposed to generation of economic wealth in traditional organisations. (Dees, 2001; Drayton, 2002; Leadbeater, 1997). However, in spite of the growing popularity, there exist vague speculations about the concept of social entrepreneurship and this can be attributed to lack of structure and theory. This is astounding as social entrepreneurship is substantiating to be of great importance in economic development (Peredo et.al. 2006; Seelos et.al. 2005).

Table 1: Definition of Social Entrepreneurship
The social entrepreneur as society’s change agent; a pioneer of innovation that benefits humanity. Social entrepreneurs are ambitious, mission driven, strategic, resourceful and results oriented.

Social entrepreneurship is the creation of viable (socio-)economic structures, relations, institutions, organizations and practices that yield and sustain social benefits.

Social entrepreneurs play the role of change agents in the social sector, by: Adopting a mission to create and sustain social value (not just private value); Recognizing and relentlessly pursuing new opportunities to serve that mission: Engaging in a process of continuous innovation, adaptation and learning. Acting boldly without being limited by resources currently in hand; Exhibiting heightened accountability to the constituencies served and for the outcomes created.

People with the qualities and behaviours we associate with the business entrepreneur but who operate in the community and are more concerned with caring and helping than “making money.”

Social entrepreneurship that creates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources and social arrangements required for sustainable social transformations.

We define social entrepreneurship as innovative social value creating activity that can occur within or across the non profit business or government sectors.

We view social entrepreneurship broadly as a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs.

The social entrepreneur should be understood as someone who targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity; who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude; and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large.

Social entrepreneurship encompasses the activities and processes undertaken to discover, define and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner.

Social entrepreneurship involves opportunities to solve social problems.

The popularity of the concept of social enterprise is more than just a provisional trend and its proven that it’s here to stay. The social enterprise is not only about job creation or microfinance; it has entered new fields such as health care, sanitation, education and women issues and has brought about a tremendous impact.

Some trends that can be expected in the next 10 years, in the field of social entrepreneurship are:

1. Impact Investing: Investments done with the aim to generate positive and measurable social or environmental impact that has the capacity to provide a financial return. Impact investments can be done in both developed or developing markets and the rate of return can range from below market to market rate depending.

2. Crowdfunding/Crowdsourcing: Just like social entrepreneurship, crowdfunding is a recently coined term and gained attention. Crowdfunding is the utilisation of small amounts of fund collected from a large number of people to finance a new business. It is facilitated by the accessibility of vast network of people through social media. Examples in India include Ketto, Wishberry, Bitgiving. Crowdfunding provides better flexibility and freedom to design and build start-ups the way one wants.

3. Lean Startup Model: A lean startup model helps entrepreneurs to mitigate the challenges of a new business by shortening the development cycle as it relies on validated learning and testing of a product/service.

4. Data: Gathering and analysis of data is very crucial in today’s world. Social enterprises are highly supported by user-friendly tools, and services provided by Google Analytics, Facebook, Twitter,
CRM data bases and other technology sources. It is critical to analyse marketing and other related data as it can help to take better decisions. Other data digging sources will arrive in the market soon

5. Crowd brainstorming, online or voluntary meetings as the case maybe is basically when people get together to discuss and ideate on one common topic and its further influence on implementation of the same.

6. Varied visual marketing tactics attract people as it is an interesting way to promote in itself. For example, a growing trend is people are more responsive a picture than a text.

Danish sociologist Lars Hulgard (Hulgard 2010), in his work suggested two major trends- first one suggests that the responsibility for social welfare that was deemed public earlier is getting privatized with time and the second one is that communities and social capital has become a matter of politics. It is evident that a fundamental shift has taken place on the framework of social security in developed and advanced economies. If we take a national viewpoint on the same, earlier the concept of social entrepreneurship was considered to be associated with corporate social responsibility, and funding the charitable institutions to run philanthropic organizations on a small scale. Over the past few years, this concept has undergone transformation and has given rise to the idea of social enterprise.

Social entrepreneurs focus on social change and not profits. They have emanated as a result of changing business perspectives that focus on bottom line approach to rather generate short term profits but create long terms benefit to the society. India has been witnessing a rapid growth in the voluntary sector of grass-root organizations, which were seen as developmental partners for grassroots interventions for poverty reduction, livelihoods, health, education, environment etc. Over the last few years, a diverse and abounding system of supporting players has developed for the progress of social enterprises. If we look at the financial aspect, a wide mix of impact investors, grant-makers and now even commercial finances are directing capital into the industry. In the earlier phases, funding was flowing from players from abroad, the scenario is now different, we have increasing number of domestic investors in this field. The foundation ecosystem encompassing incubators, field specialists and consultants and other supporting enablers have started to scale themselves in the country. These sector enablers developing conducive environment not only help to pace up the individual enterprises but also help in reinforcing infrastructure of the industry by building up online programs for engagement, assisting knowledge sharing and facilitating resources such as skilled human capital. At the university level, academic courses are being introduced on social entrepreneurship and related fields and awareness is being raised among the students to make use of the vast opportunities in this progressing field. The situation however does provide alarming obstacles, as the social enterprises operate in underdeveloped markets that often entail innovative solutions on various fronts from the very inception. Finance is available in limited supply, and it becomes tough for many enterprises to access the same. Another barrier to the growth of this industry is the vast talent gap, that is a victim of scepticism. Business model viability can be achieved as this industry is quite promising and hold great potential economically and socially. Alleviating the obstacles will help to discover the immense potential this industry holds for overall growth.

**WHAT SOCIAL ENTREPRENEUR IS NOT**

This subtopic draws a line of difference between social entrepreneurship and other enterprises. As discussed earlier, social entrepreneurship has gained increased amount of attention and is growing in popularity, owing to the support these entrepreneurs receive from multifarious network of organisations that encourage and promote the contributions and benefits made to the society (Dacin et al., 2011). However, the varying perspectives on the definition of social entrepreneurship has led to its confusion with other disciplines and are mistakenly linked with social entrepreneurship. It is crucial to mark a line of difference between the function of social entrepreneurship and other social/non-social enterprises, so that it is comprehensible to outline the domain within which social entrepreneurs operate. As per the Skoll Centre for Social Entrepreneurship, the definition of social entrepreneurship should not extend to philanthropists, activists, companies with foundations, or organizations that are simply socially responsible. While all these agents are needed and valued, they are not social entrepreneurs. On the understanding of the definitions of social entrepreneurship discussed above, it is clear that social entrepreneurship lies in the spectrum of entrepreneurship. The research literature allows concluding that social entrepreneurs operate in the boundary of the below two business strategies:

1. **Non-profit with earned income strategies**: a social enterprise adopts this strategy with an aim to become self-sufficient by practicing hybrid social and commercial entrepreneurial activity. The nature of the organisation is social and commercial in the manner that revenues and profits are invested back in order to enhance the social value creation.

2. **For-profit with mission-driven strategies**: a social-purpose business adopts this strategy to achieve sustainability by practicing social and commercial activities concurrently. This strategy allows the organisation to be financially independent as it is social and commercial in nature and can capacitate monetary gain for investors.

Let us also understand the thin boundary line between social entrepreneurship and commercial entrepreneurship, as most people generally confuse the two business models Social Entrepreneurship & Commercial Entrepreneurship With definitions ranging from broad to narrow of social entrepreneurship we have one set referring social entrepreneurship as pioneering activity with a social objective in either the non-profit sector, or across hybrid structure sectors (Dees, 1998) or for-profit sector, such as in social-motive commercial enterprise (e.g., Dees & Anderson, 2003; Emerson & Twersky, 1996) or in corporate social entrepreneurship (e.g., Austin, Leonard, Reficco, & Wei-Skillern, 2004). To understand and offer a comparative analysis of commercial entrepreneurship with social entrepreneurship, we will use a broader of conception of both. Social entrepreneurship can be defined as a unique social value creating activity that takes place within or
across the non-profit, business, or government sectors. However, it can be rightly said that the general definitions of social entrepreneurship in the academic literature mainly focus on the non-profit aspect. To extend on the previous study, and for the scope of this research paper, we will focus the discussion on these two segments To approach the comparative analysis more specifically, we offer the following series of theoretical propositions focusing on four different variables to guide the comparison:

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>SOCIAL ENTREPRENEURSHIP</th>
<th>COMMERCIAL ENTREPRENEURSHIP</th>
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<tbody>
<tr>
<td>MISSION</td>
<td>The main purpose of social entrepreneurship is to create social value for the society</td>
<td>The aim of a commercial entrepreneurship is to create profitable operations that result into private gain, however it will not be wrong to say that commercial entrepreneurs benefit society novel and valuable goods, services and jobs.</td>
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<tr>
<td>MARKET</td>
<td>One major theory behind the emergence of social-purpose organizations is when commercial market fail to meet a social need, such as in public goods (Weisbrod, 1975, 1977).</td>
<td>Market failure tends to create varied entrepreneurial opportunities for social and commercial entrepreneurship.</td>
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<td>RESOURCE MOBILIZATION</td>
<td>Social entrepreneurs are bounded from tapping the capital market of commercial entrepreneurs due to their non-distributive restriction and their social purpose of the enterprise.</td>
<td>Commercial enterprises generally have a different capital market and hence resource mobilization and utilization is a different scenario.</td>
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<td>PERFORMANCE MEASUREMENT</td>
<td>Since social business has a social purpose it creates greater challenges for measuring performance than a commercial business. Also a social enterprise is accountable to a more diverse and varied set of stakeholders leading to management of complex relationships.</td>
<td>Commercial entrepreneurs have the option to use quantifiable performance metrics and measures such as financial indicators, market share index, customer satisfaction etc.</td>
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Peredo and McLean (2006) suggested that there are exist quiet many obstacles and challenges for social enterprises during initiation and operations of the business. The main challenge is finding equilibrium between creation of a social impact and enduring financially – or growing – in an...
environment of tough competition. The consequence is a blurred scenario in which it is complicated to define exactly social entrepreneurship. One of other common issues faced in India in development and growth phase of social enterprise is the lack of an organized and systematic approach to the concept of social entrepreneurship. Inadequate access to specialized services (financial, marketing, legal etc.) also hinders the growth and development of an Indian social enterprise. Some of the major challenges are discussed as below:

1. Lack of financial support: Social enterprises can be for-profit or not for-profit and may incorporate a business model that is hybrid in nature constituting a mix of the traditional corporation and a pure charitable organization. Looking at the Indian perspective, a few organizations which are into socially beneficial goods or services are able to generate sufficient income through the sale, but many are not. Other funding prospects include venture capital investment, donations and government funding. The business model of an organization has a great impact on its capability of generating funds, for example approaching venture capitalists may be a demanding task, especially in the case of a non-profit social enterprise as compared to a for profit social enterprise which does not promise any rational return for the investors. Many a times, bank's avoidance to providing loan facilities to social businesses makes the situation even more complex. Looking at the other perspective, many patrons are doubtful of a social enterprise which are run as a for-profit company where too much concentration may be put on wealth generation and very little on social value.

2. Strategy and Long-Term planning: It is significant for any organization to ascertain and develop a long-term strategy, identify opposite goals and steer growth in a sustainable manner. Complications for social enterprises stem from the fact that the aim of the organization is to create social benefits. It is frequently the situation that numerous social benefits can mean numerous goals, all of which must be evaluated in terms of provision cost to assure social value creation. A robust strategy will help to identify a unique value proposition compared to other organizations and specify clearly what the organization will not do. In a social enterprise, activities should work together and reinforce each other.

3. Lack of Government support: One of the major setbacks that social enterprises in India face is the lack of support from our government agencies. The government's regulations and policies are quite complex and stringent, with no subsidies or tax inducement being provided for a social enterprise, this impediment combined with others acts as a major hurdle to the growth of social business in India.

4. Lack of skilled Manpower: Social enterprises being a hybrid mix, requires competent manpower that maybe available from variety of sources like volunteers, skilled and semi-skilled labours and community partakers. In order for social enterprises to achieve their mission holistically, they are supposed to recruit employees from the underprivileged and lower sections of the society. This will eventually result in increased training and development costs. This situation will act taxing on the growth story of social enterprises.

**CONCLUSION & SUGGESTIONS**

India in context of social entrepreneurship is full of opportunities and challenges. Social entrepreneurship in India has grown significantly at theoretical and practical level as a force with an endeavour to solve some of the country's most neglecting problems. Presence of sufficient and capable of resources such as human capital, progressing science and technological capabilities. However, the country is still facing increasing complex social and environmental issues with every passing year (Christie & Honig, 2006). This calls for an immediate action and substantial application of multifarious methodology and entrepreneurial competency in the social and environmental domain. India, is undoubtedly experiencing a growth in social enterprises and with an aim to find and design feasible solutions to pressing issues of the society. With up gradation of technologies and accelerated market competition, there is a need for social enterprises to act in power and dynamic. Based on the study and observations, a few pragmatic suggestions could help the scenario of Indian social enterprises:

1. Create a supportive environment of legal and tax conditions for the growth of social enterprises
   a. building on new or improving existing legislation, especially in the legal acknowledgement of varied legal types of social enterprises.
   b. Creating tax inducements for social enterprises, moderating indirect taxes in situations where market returns are not sufficient to sustain social activities.
   c. supporting the growth and expansion of social entrepreneurship in India through fiscal and credit mechanisms etc.

2. Developing and sustaining a supportive institutional setting for social enterprises:
   a. creating a state structure that signifies the interests of social enterprises
   b. building on specialized support services like financial assistance, infrastructure support to increase the competence and capacity of social enterprises
   c. creating an educational consulting and information and educational centre that would help to develop social enterprises in any particular region
   d. offering advisory assistance to social enterprises in developing business plans and their execution.
   e. offering consultancy on legal issues of management, marketing and other related matters

Social enterprises are suggested to use tactics of networking with other players to make best use of available opportunities in the market. This helps to set the market practices and standards and keep the consumers informed.
Ensuring favourable cooperation with NGOs, specifically in the production of services and goods. Research in future should be aimed at establishing social entrepreneurship as a new domain and research field to the concept and theory of sustainable entrepreneurship. There is yet more research and contemplation needed to be done in this area.

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