

Social Entrepreneurship: An Augument in Indian Economy

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ABSTRACT

Social entrepreneurs can assist better at 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 expecting the government or business sectors to resolve the problem by changing the system. Social entrepreneurship is expected to be the next humungous thing to influence India as the country juggles to attain a balance amongst a growing GDP growth, ensuring comprehensive growth and attempting to address matters ranging from education, technology, energy efficiency to climate change.

This paper is an attempt of analytical, critical and synthetic examination of social entrepreneurship in Indian economy.

Keywords: Social venture, inclusive growth, and social problems.

I. INTRODUCTION

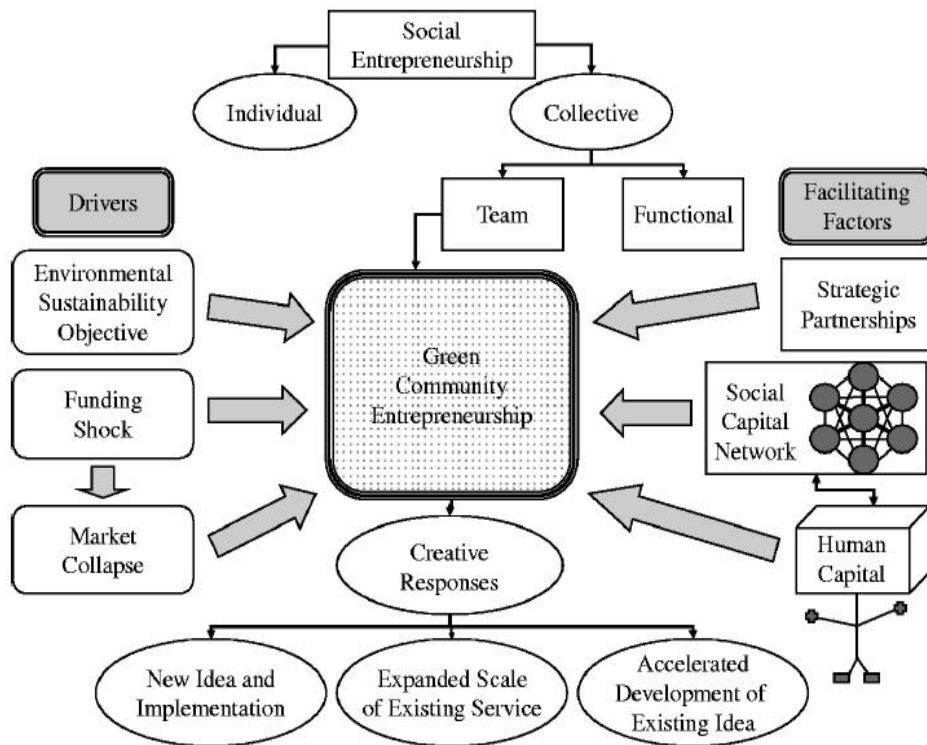
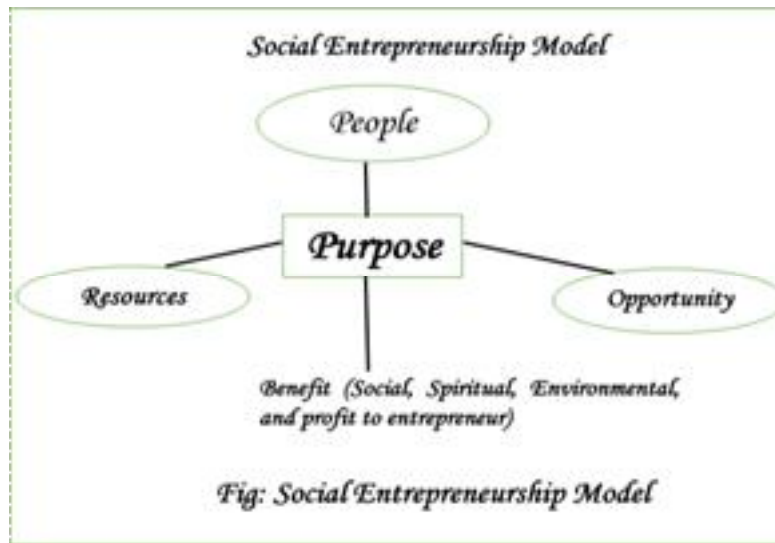
Social entrepreneurship aims at recognizing societal problems with reference to entrepreneurship and its uses through its principles that aids in organizing, creating and managing a social venture to achieve a desired social change. While a business entrepreneur typically evaluates performance in terms of profit and return, a social entrepreneur measures a positive return to society. Thus, the main intention of social entrepreneurship is to further extend social, cultural, and environmental goals.

Social entrepreneurs are commonly allied with the voluntary and non-profit sectors; however, this need not impede making a revenue. International Social entrepreneurship is practiced with a world view or international context. A well-recognized modern social entrepreneur is **Muhammad Yunus**, originator and manager of Grameen Bank and its growing family of social venture businesses, who was awarded a Nobel Peace Prize in 2006. The effort of Yunus and Grameen echoes a theme among modern day social entrepreneurs that highlights the enormous combined effects and benefits when business principles are collaborated with social ventures.

In part of countries like Bangladesh and to a lesser extent, the USA - social entrepreneurs have filled the spaces left by a relatively small state. In other countries- particularly in Europe and South America - they have associated to work more closely with national and local public organizations.

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, who pools funds through some services (often fund-raising events and community activities) and occasionally produces products. To Promote, capitalize, and advise social entrepreneurs around the planet, non-profits and non-governmental organisations, foundations, governments and individuals play a key role at present. To focus on literating and training social entrepreneurs, programs are being established by number of educational institutions. With the ongoing economic climate, it is very likely that social needs will increase and, consequently, the number of people obligated in representing them will increase. Over the time the Definition of social entrepreneurship has been renovated.

Since corporate philanthropy to non-profit and now to self-sustainability, Social Entrepreneurship has evolved and will keep evolving with time and necessities of the world. Social entrepreneurship is foreseen to be the next big thing to influence India as the country trims to achieve a balance between a flourishing GDP, ensuring inclusive growth and attempting to address issues ranging from education, technology and energy efficiency to climate change.



Social entrepreneurship is moderately revolutionizing the less privileged sections of India. The dispersal of the more prominent social entrepreneur in India is as under:

- **Self-Employed Women’s Association (SEWA)** initiated by **Ela Bhatt** in 1972 facilitates finance, health, insurance, legal, childcare, vocational and educational services to poor self-employed women, who comprise its members.
- Technology Informatics Design Endeavour (TIDE) operated by **S Rajagopalan and Swati Bhogle** supports the development of financially rewarding and environmentally friendly methods invented by leading research institutions into thriving enterprises.

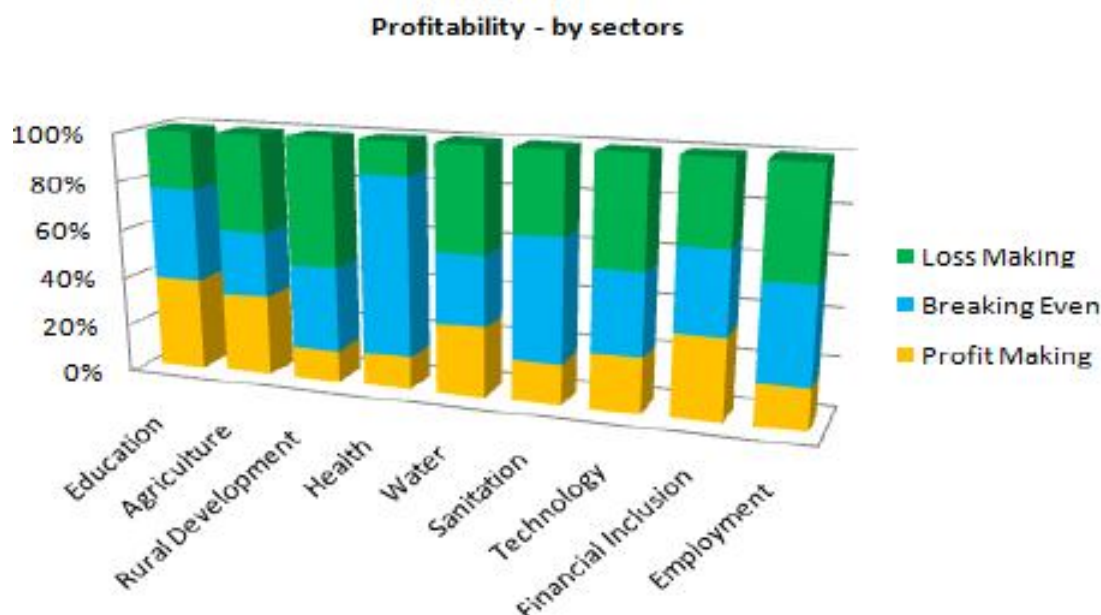
| Company | Activity | Impact | Future Plan |
|------------------|----------------------------------------------------------|-----------------------------------------|----------------------------------------------|
| Narayan Hospital | Developing affordable healthcare to the masses worldwide | 5,000 bed facility completed in Phase I | Health city with 30,000 bed facility by 2016 |

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|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| India | | | |
| A little world | Empowering micro business through micro banking | Customer base crossed 3 million | Touch a billion people through innovative technologies. |
| Barefoot college | Solar energy, water, education, health care, rural handicrafts, people's action, communication, women's empowerment & development | 1,000 barefoot experts in 1,000 villages, reach 500,000 people with basic services such as drinking water, health care, and education. | 10,00,000 people by the end of 2016 |
| Child health | Country's first toll-free tele-helpline for street children in distress. | 9.6 million Calls, 3 million children, 73 cities, 10 years. | 600 + districts by 2013. |
| BA SIX India | Sustainable livelihoods to the rural poor and women | Over 1½ million customers. | ----- |
| Crafts Bridge | A bridge between customers worldwide and crafts persons designers | NA | To tap 6 million village people associated with the handicrafts sector. |
| Arvind Eye Hospital | Eliminating needless blindness by taking its services to rural India | In last year alone 2.5 million patients were treated and over 3 lakh surgeries were performed. | To replicate it in all states of India. |
| COMBAT | Empowering rural citizens by crediting local economies and enabling access to information & services. | Deliver citizen records and government benefits to over 50,00 rural citizens every day | 7,000 by the end of 2011. |
| D light | High quality solutions for families living without reliable electricity. | 10 million | 50 million by 2015 |
| IDE India | Providing long-term solutions to poverty, hunger and malnutrition | 19 million | Ending poverty in the developing world |
| RangSutra | Sustainable livelihoods for artisans and farmers, by creating top quality hand-made products based on principles of fair trade. | Approximate 2500 artisans | Employ 5,000 by 2015 |
| Lijjat Papad | Women Empowerment | 4,600 women employed | Plans to employ 6,000 by 2010 |
| Selco Solar India | Sustainable energy solutions and services to under-served households and business | 95,000 villages covered | Bring down the cost of solar equipment by 75% by 2012 |
| Unltd | Angel investor and incubator for social entrepreneurs | Each of the projects has, on average, created 1.6 new jobs in the economy. | World where individual's take action to bring about positive social change. |
| SKS Micro-finance | Small loans without collaterals | 5.3 Million Customers. | Take micro finance to every village |
| Suminter India Organics | Internationally certified organic agricultural produce | Premium crop price to more than 7,000 farmers | Scale this model nationally |

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|--------------------|--------------------------|---------|----------------------------------|
| Vortex Engineering | Rural Solar Powered ATMs | 750 ATM | One ATM/village i.e 6,50,000ATMs |
|--------------------|--------------------------|---------|----------------------------------|

1.1 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 troublesome and understanding in which sector to finance is even more hard. Below shown bar diagram is a mention of profitable sectors and a trend which clearly states areas to deviate funds.



Education: The Education sector has shown remarkable growth potential and financial stability. Key elements are *First*, 38% of sector represent profit-making enterprises amongst others, a negligible loss-making entity of 24%. *Second*, the scrutiny shows a solid growth potential; there is a breakeven of 38% of education enterprises. It is forecasted that the quantity of profit-making enterprises in this sector would increase in the upcoming years.

Rural Development – A Sector to eye for future growth: Despite having the largest number of social enterprises in this field, it’s a biggest loss-making sector at the moment. However, Past Year Rural Development has demonstrated largest increase in the revenue, so there could be more surprises in store.

Health - Sector with large growth potential: Although the sector currently contributes for a very small number of profit-making entities, it has the lowest percentage (13%) of loss-making enterprises. Most importantly, the segment of breakeven business in health sector is 73%. The Health sector could sustain a multitude of successful, profit-making enterprises when these enterprises begin to turn a profit; there are enterprises earning a profit (25%) which is less than the enterprises that are producing losses (34%), which is more. The break- even enterprises are currently numbered to 41%. The profitability of the social enterprises by measure of years in operation reveals that making profit through social enterprise is no more an easy task. As the companies get older, the percentage of enterprises producing loss gradually reduces. But virtually there is no disparity in the number of profit-making entities across age categories. Many enterprises stop

producing losses as they grow older but do not begin to transform their losses to profits; they merely start breaking even. Surprisingly, the percentage of profit-making enterprises is only 27%, even after 11 years or more of operations.



Social entrepreneurship is emerging primarily in India because of what the government has not been able to do. The government is very keen on promoting social entrepreneurship – not necessarily by funding it or by advising on it or enabling it. Whereas in some countries, when someone takes it into their own hands to start a facility for education or healthcare or empowerment, the government often puts in place barriers to prevent this from happening.

III. EXPERIENCES OF THE CHINESE SOCIAL VENTURE SURVEY

- ✓ A survey revealed that 95% of respondents started to get involved in social entrepreneurship after 2006. A major driver was the Sichuan earthquake of 2008 which boosted the creation of social enterprises even further.
- ✓ The youthfulness of the sector resulted in interest in social enterprises. 54% of the surveyed enterprises are under 3 years old and only 38% are older than 5 years. There was a noticeable rise in the percentage of matured enterprises. As a result of which social enterprises older than five years constituted 56% in 2018.
- ✓ The 71% of the social enterprises surveyed are very small in scale and generate less than 500,000 Yuan (approx.75, 000 USD) in annual revenues and while they are growing in size over time, are still quite small in scope.
- ✓ The 63% of surveyed social enterprises work in a village or city level and are therefore limited in geographic scale. 13% operate on provincial level, 17% on national level and only 8% on international level.
- ✓ Social entrepreneurship in China is very centralized. Beijing and Shanghai have become major hubs, hosting two-thirds of the headquarters of surveyed social enterprises. Just a handful of social enterprises operate out of China's smaller cities.

IV. THE CHALLENGES FOR SOCIAL ENTREPRENEURS

The problems faced by social entrepreneurs are very much similar to the problems faced by their counterparts in business world, challenges like starting a venture, operating and sustaining a social enterprise.

Before entering a market with a new business idea, a social entrepreneur should have a clear understanding of the pros and cons they may face so that they can make informed decisions.

The major challenges are outlined as follows

1. The Prime encounter has to do with governments. Majority of them have yet to spot social entrepreneurship as a legitimate field of endeavour. This recognition is the sine qua non for finding ways to promote it through fiscal and legislative incentives, including the review of tax laws, the exclusion of burdensome regulations, arbitrary decision-making and other onerous requirements and inefficient practices that hamper social entrepreneurs.
2. Entrepreneurship in India is still overloaded by the traditional educational system of the country. Education is the main font for promoting entrepreneurship in the business sector of the economy, Indian education system still lacks specific curriculum on entrepreneurship development. Due to the current increasing demand, the entrepreneurship education is a “*hot cake*” to graduates of business schools and management institutes, whereas for other streams of education like the sciences and arts there is not a single course on entrepreneurship in their curriculum. Due to this gap in the Indian education system, country’s entrepreneurial sector is still underdeveloped and struggling. Even business schools that have developed curriculum on entrepreneurship are lacking in terms of knowledge that presents a major challenge for social enterprises in finding competent and skilled promoters.
3. Another challenge is to push businesses to discover the competitive advantages offered by working in tune with social entrepreneurs. From a financial perspective, reaching untouched markets can be greatly facilitated by linking with social entrepreneurs who have spent decades designing, executing and refining innovative ways of bringing previously omitted groups into the marketplace. From a HR perspective, the ability to entice people with limelight is a major challenge for companies. The best and the brightest today are looking for more than impressive remuneration and stock options. They expect something more – *‘something that gives meaning to their work and their lives’*. Supporting social entrepreneurs in different ways shows that companies care about more their front line. Finally, corporate social responsibility is not about setting up separate corporate foundations to reach excluded populations through top down programs that compete with social entrepreneurs.
4. Lack of available corpus is a major challenge for the Indian entrepreneur. Generally, the social entrepreneurs run their businesses with their own equity or by raising funds by borrowings from the local money lenders at high rate of zeal, which sometimes proved to be a financial burden on them. The reason behind this is the bank’s avoidance to avail loan facilities for social entrepreneurs given the various social complications attached with them. Hence, the social enterprises have to deal with the challenge of facing a hostile reaction from financial institutions and governments as far as funding is concerned.
5. Over the last decade there has been a strong call for their reform to render these organizations better equipped to respond to the challenges of the 21st century. They should embrace risk as a key opportunity for global renewal and make it a priority to spot and legitimize those who have the capacity to imagine and the ability to implement what they imagine through disciplined innovation.
6. Social entrepreneurs mainly deal with the difficult task of improving the welfare of the society and are keen on finding affordable solutions to various societal problems. Every such problem carries a cost, which has to be borne by the owner out of his own pocket or by taking loans from money lenders. Once they find the way to earn some profit after providing the best low-cost solution to the needs of the society, more traditional businesses will enter the market competing with a similar solution and technique, increasing transaction costs and competition for social entrepreneurs and hampering their future growth.
7. The next challenge for social entrepreneurs relates to foundations who should catalyse social transformation by supporting the social innovators. Foundations and high net worth individuals are certainly well placed to engage in that process, as they are free of two forces that dominate the decisions of governments and business respectively.

8. Ignorance about the government support is a major hindrance for social business development in India. Though, the government is providing assistance for promoting these social cause ventures, government policies and regulations for social entrepreneurs are made liberal, with tax incentives or subsidies being provided for a social business, the combination of which acts as major support to the growth of social businesses in India, there is need for the creation of awareness and educating social entrepreneurs regarding the support made available.
9. Though India has abundant manpower available, Social enterprises need to get competent manpower from various sources; professionals, volunteers, labours and community participants. Aligning the motives of all these groups with the long-term growth of the organization is a challenge for the founders. In order for social enterprises to fulfil their mission in a holistic manner they must typically employ, train and imbibe necessary skills in them to be competent enough to come out with the best sequels.

V. CONCLUSIONS AND RECOMMENDATIONS

Since the onset of liberalizations from 1991 onwards, the economy has been witnessing rapid growth. Unfortunately, social and environmental grievances of the country are increasing year to year which necessitates the extensive application of multidisciplinary approaches and entrepreneurial energy in the social and environmental sectors. As discussed earlier, India is undergoing an increase in social entrepreneurship and attempts by social entrepreneurs to find affordable solutions to various social problems of society. With changing technology and increasing competition, social entrepreneurs have to become more dynamic.

Some suggestions for Indian social entrepreneurs in achieving their objectives are as under:

- Social entrepreneurs should help higher education institutes in India to develop curriculum that creates the habit of social entrepreneurship in their students enabling them to develop high quality managers and promoters.
- Social ventures should educate the consumer and set market standards by following network approach. Which may increase demand for their products.
- Regional disparities and imbalance should be removed by the growth of social entrepreneurship in the country. Balancing the growth of social entrepreneurship in the country can solve the social problem of large population and health of the country.

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