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CREATING SUSTAINABLE SOCIAL VALUE THROUGH SOCIAL ENTREPRENEURSHIP IN INDIA

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Abstract

The role of today's modern enterprise is magnanimous in this socially responsible corporate world. There is a growing importance for social entrepreneurs and social entrepreneurship has become the need of the hour. It involves the innovative ideas with a prospect of encountering the challenges posed by the social change and transformation. Sustainability can be achieved for profit or non-profit but the ultimate goal is of social or environmental in nature rather than profit maximization. The main aim is to bring the initiatives that have direct impact on the beneficiaries. The social entrepreneur enables spread of wisdom and tackles the social problems with his contributions manifesting himself as ambassador to advance the sector, and can function as a role model to the group of people in a community or the common civic.

Key words: Social entrepreneurship, social entrepreneur, sustainability, social change, social problems.

INTRODUCTION

The emergence of social entrepreneurship involves the nexus of the public, private and non-profit sectors. It is the new version of entrepreneurship has come in the recent years which exhibits the features of nonprofits, government and businesses that are seriously involved in solving social problems and creating the social value. Social entrepreneurship is all about innovation, risk taking and large scale transformation.

The terms "Social Entrepreneur" and "Social Entrepreneurship" have only come into extensive use over the last two decades; social entrepreneurship is not a new trend. The roots of what we now call social entrepreneurship date back to the end of the nineteenth century with the rise of a more systematic and strategic form of charity. This was "a shift away from the idea of charity as simply giving alms to the poor to charity as something that can create lasting and systemic change."



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CONCEPTUAL FRAMEWORK

Social entrepreneurs are the true societies Change agent, they are the pioneer of innovations that benefit humanity. Social entrepreneurs initiate innovative, effective, sustainable approaches to meet the needs of the marginalized, the disadvantaged and the disenfranchised.

Social entrepreneurs are leaders in the field of social change, and can be found in the private, public and not-for-profit sectors. These social innovators combine an entrepreneurial spirit with a concern for the ‘social’ bottom line, as well as the economic one, recognizing that strong, vibrant communities are a critical factor in sustaining economic growth and development.

Like all entrepreneurs, social entrepreneurs are energetic individuals, with a higher than average tolerance for uncertainty, and a willingness to pursue their goals in spite of initial obstacles or lack of resources. Creative thinkers, social entrepreneurs focus on vision and opportunity, and use their ability to convince and empower others to help turn these visions into reality. They tend to be highly collaborative individuals, with a high degree of concern for their communities. In short, social entrepreneurs are ‘doing well while doing good.’

While the label “social entrepreneur” has only a short history, the practice of social entrepreneurship is far from new. Florence Nightingale, who revolutionized the theory of hospital conditions in the late 1800s and John Durand, who started working with mentally retarded people in the early 1960s, are just two examples of exceptional persons bringing about social change that we may label today as social entrepreneurs. According to Nicholls, the term “social entrepreneur” was first introduced in 1972 by Banks, who noted that social problems could also be deployed by managerial practices.

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, and

Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.



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Change agents in the social sector: Social entrepreneurs are the reformers and revolutionaries described by Schumpeter, but with a social mission. They make fundamental changes in the way things are done in the social sector. Their visions are bold. They attack the underlying causes of problems, rather than simply treating symptoms.

Adopting a mission to create and sustain social value: This is the core of what distinguishes social entrepreneurs from business entrepreneurs even from socially responsible businesses. For a social entrepreneur, the social mission is fundamental. This is a mission of social improvement that cannot be reduced to creating private benefits (financial returns or consumption benefits) for individuals.

Recognizing and relentlessly pursuing new opportunities: Where others see problems, entrepreneurs see opportunity. Social entrepreneurs are not simply driven by the perception of a social need or by their compassion, rather they have a vision of how to achieve improvement and they are determined to make their vision work.

Engaging in a process of continuous innovation, adaptation, and learning: It does not require inventing something wholly new, it can simply involve applying an existing idea in a new way or to a new situation. Entrepreneurs need not be inventors. They simply need to be creative in applying what others have invented. Their innovations may appear in how they structure their core programs or in how they assemble the resources and fund their work.

Acting boldly without being limited by resources currently in hand: Social entrepreneurs do not let their own limited resources keep them from pursuing their visions. They are skilled at doing more with less and at attracting resources from others.

Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created: Because market discipline does not automatically weed out inefficient or ineffective social ventures, social entrepreneurs take steps to assure they are creating value. This means that they seek a sound understanding of the constituencies they are serving. They assess their progress in terms of social, financial, and managerial outcomes, not simply in terms of their size, outputs, or processes. They use this information to make course corrections as needed.

Based on an assessment of the current challenges and opportunities for social enterprises, the following four recommendations were made:

- 1. Build private-public partnerships and coalitions:** Most social enterprises work with partners. As noted, this provides benefits for both partners and can be an effective way to reduce some of the risk associated with starting a social enterprise.
- 2. Create social enterprises in developed and developing countries:** The social enterprise is needed in both the developed and developing world. The problems faced by developing countries with regard to improving healthcare, education, unemployment and poverty alleviation are ideally suited to the mission of the social enterprise. Increasingly, due to fiscal



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stresses at the national, state and local levels, developed countries are facing pressure to meet their own healthcare, education and unemployment needs – and, again, these can be met by the social enterprise.

3. Use social entrepreneurship as a key to poverty alleviation: One of the objectives of social entrepreneurship is job creation, which, as well as being a key component of economic growth, is an essential tool for poverty alleviation. Social entrepreneurship can thus address two important aspects of the UN Millennium goals: economic development and poverty alleviation.

4. Address youth unemployment through the social enterprise: The proportion of youth to total population has been increasing throughout the developing world, and it is this group, which is most adversely affected by unemployment. As a result, social enterprises need to focus on ways in which youth in developing countries can join the labor force. Because agriculture remains the largest economic sector for most developing countries, finding ways to create jobs in agriculture is essential.

EXAMPLES

The business model is driven by village entrepreneurs, who own the village node to operate a self-sustaining, profitable kiosk. “Project Shakti” was launched with the initiative of Hindustan Liver Ltd. (HLL) in the year 2001, in consonance with the purpose of integrating business interests with national interests. The basic objective of Project Shakti is to create income-generating capabilities for underprivileged rural women, by providing a sustainable micro enterprise opportunity, and to improve rural living standards through health and hygiene awareness. Both of these enterprises work towards financial sustainability of the under serviced sections of society by empowering them with resources with which they can earn their livelihood an environment friendly manner.

India has produced many of the world’s most celebrated examples of non-profit businesses that are solving social problems at scale, from Husk Power, which provides power to thousands of rural Indians using agricultural waste, to Narayana Health, which uses innovative techniques from different industries to provide cardiac healthcare at a fraction of the cost.

In the area of catalyzing innovation and social enterprise, a new institution building enterprise on 21st May 2012, Aavishkaar emerged as a SEBI notified ‘social venture fund’. Aavishkar has been social venture investing for over a decade, catalyzing innovation at the bottom on the pyramid. The major products, the venture capital investments focused on seven key sectors: Agriculture and Dairy, Education, Energy, Handicrafts, Health, Water and Sanitation, Technology for Development and Microfinance and Financial Inclusion. The USP of Aavishkar created ‘the’ category of social venture funds with several new social venture funds being raised. Target Clientele are Portfolio Companies target Sec D & E clients.



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It made an impact collectively on Aavishkar portfolio companies involving over 25 Million+ people directly/indirectly by enjoying the status of being SEBI Registered Venture Capital Fund.

Among the objectives of social enterprise are the twin goals of poverty alleviation and economic development. This is why social enterprise, and the encouragement of social entrepreneurship, is so important in developing countries. It has long been understood that one of the key drivers of employment, and, hence, poverty alleviation, has been small businesses. But small businesses, just like big businesses, require capital to get started. While access to capital since the financial crisis has been reduced globally, it is critically scarce in developing countries, and while externally funded social enterprises dedicated to supporting developing company entrepreneurs (such as Ashoka and Endeavor) can help, they can only assist a small fraction of aspiring developing country entrepreneurs.

“Solving social problems needs advanced thinking in all aspects including grant making techniques, use of the latest technology and innovation, large scale systemic thinking etc. I have seen that Swiss thinking is the most suitable and can add the best value when it comes to solving such complex social issues in this region. It is not just about identifying them, but working together and co-creating long term solutions which shifts societal thinking fundamentally.”

Mr. Vishnu Swaminathan, Leader South Asia, Ashoka India

FEED Projects is a U.S.-based social enterprise with the mission of creating good products that help feed the world. The enterprise sells bags, bears, t-shirts and other accessories – all labeled with the FEED logo. The FEED bags are sold at high-end retail stores such as Lord & Taylor and online, such as on Amazon. A set donation to support humanitarian programs is calculated into the cost of each product. In addition to donating part of the sales revenues for each sold item, the company also donates part of its overall revenues to programs it supports. Programs include providing meals to children at schools in impoverished areas. Among the projects are meal programs for children in disaster-stricken regions such as Haiti and Japan. Creating all products FEED Projects uses environmentally friendly and artisan- made materials, along with fair-labor production.

Entrepreneurs shape economic destiny of nations by creating wealth and employment, offering products and services, and generating taxes for governments. That is why entrepreneurship has closely been linked to economic growth in the literature on the subject. Entrepreneurs convert ideas into economic opportunities through innovations which are considered to be major source of competitiveness in an increasingly globalising world economy. Therefore, most governments in the world strive to augment supply of competent and globally competitive entrepreneurs in their respective countries. While developed nations have a reasonably good pace of entrepreneurial supply, most developing countries suffer



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from dearth of such entrepreneurs. This is one of the reasons for the poverty in developing countries, despite their rich resource endowments.

Social entrepreneurship can be simply defined as running a business that drives social innovation rather than being focused only on obtaining financial goals. Business-minded entrepreneurs with a social agenda seize opportunities by creating innovative processes that can help solve major social issues. They relentlessly focus on producing practical results that can change the world for the better. John Elkington and Pamela Hartigan defined social entrepreneurship in their book *The Power of Unreasonable People* (Harvard Business Review, 2008) as, “Not doing the ‘deal’ but achieving the ideal.”

Entrepreneurs are innovative, highly-motivated, and critical thinkers. When these attributes are combined with a drive to solve social problems, a social entrepreneur is born. Social entrepreneurs and social enterprises share a commitment of going ahead with a social mission of improving society. Bruton et al (2010) discuss in their study that the nascent field of social entrepreneurship is growing rapidly and getting immense attention among many sectors. There are several reasons behind the popularity of social entrepreneurship.

Social entrepreneurship has become a fashionable construct in recent years. Often evidenced by success stories across the world in diverse fields (health, education, finance, culture, etc.), the concept has become increasingly evident in commercial markets, academic discourses and policy making. Besides transforming extant markets, social entrepreneurship has also been instrumental in creating new markets and market niches, with initiatives such as fair trade and microfinance. The latter field has regularly been cited as a flagship of social entrepreneurship, especially since the Nobel Peace Prize was awarded to the Grameen Bank and its founder Mohammad Yunus.

Social entrepreneurship is a practice that integrates economic and social value creation which has a long heritage and a global presence. The global efforts of Ashoka, founded by Bill Drayton in 1980, to provide seed funding for entrepreneurs with a social vision; the multiple activities of the Grameen Bank, established by Professor Muhammad Yunus in 1976 to eradicate poverty and empower women in Bangladesh and the use of art to develop community programs in Pittsburgh by Manchester Craftsmen’s Guild, founded by Bill Strickland in 1968; these are all contemporary manifestations of a phenomenon that finds its historical precedents in the values of Victorian liberalism.

The ideas of Say, Schumpeter, Drucker, and Stevenson are attractive because they can be as easily applied in the social sector as the business sector. They describe a mind-set and a kind of behavior that can be manifest anywhere. In a world in which sector boundaries are blurring, this is an advantage. We should build our understanding of social entrepreneurship on this strong tradition of entrepreneurship theory and research. Social entrepreneurs are one species in



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the genus entrepreneur. They are entrepreneurs with a social mission. However, because of this mission, they face some distinctive challenges and any definition ought to reflect this.

For social entrepreneurs, the social mission is explicit and central. This obviously affects how social entrepreneurs perceive and assess opportunities. Mission-related impact becomes the central criterion, not wealth creation. Wealth is just a means to an end for social entrepreneurs. With business entrepreneurs, wealth creation is a way of measuring value creation. This is because business entrepreneurs are subject to market discipline, which determines in large part whether they are creating value. If they do not shift resources to more economically productive uses, they tend to be driven out of business.

CONCLUSION

Social entrepreneurs tackle major social issues, from increasing the college enrollment rate of low-income students to fighting poverty. They operate in all kinds of organizations: innovative nonprofits, social-purpose ventures, and hybrid organizations that mix elements of nonprofit and for-profit organizations. Generating social value—not wealth—is the central criterion of a successful social entrepreneur. While wealth creation may be part of the process, it is not an end in itself. Promoting systemic social change is the real objective. Like business entrepreneurs, social entrepreneurs see and act upon what others miss: opportunities to improve systems, create solutions and invent new approaches that create social value. And like the best business entrepreneurs, social entrepreneurs are intensely focused and hard-driving in their pursuit of a social vision. Because social entrepreneurs operate within a social context rather than the business world, they have limited access to capital and traditional market support systems. As a result, social entrepreneurs must be skilled at mobilizing human, financial and political resources. Social entrepreneurs are driven to produce measurable returns. These results transform existing realities, open up new pathways for the marginalized and disadvantaged, and unlock society's potential to effect social change.

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