

# Social Entrepreneurship - Prospects and Challenges

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***Abstract- This paper is related with emerging trends of social entrepreneurship in developing countries like Indian and its future prospects and challenges. This paper shows lights on how development of social entrepreneurship can solve the problems of society which is ignored by commercial and Government enterprises. Social entrepreneur like is Muhammad Yunus, founder and manager of Grameen Bank has lead a new path in the development of social entrepreneurship in developing counties. He was awarded a Nobel Peace Prize in 2006 for his valuable contribution in social entrepreneurship. Work of Yunus and Grameen become motivating factor for modern day social entrepreneurs that emphasize the enormous synergies and benefits when business principles are unified with social ventures. In countries like India, Pakistan Bangladesh and others countries still there are many challenges for the development of social entrepreneurs. Today, nonprofits and non-governmental organizations, foundations, governments, and individuals also play the role to promote, fund, and advise social entrepreneurs around the countries. A growing number of colleges and universities are establishing programs focused on educating and training social entrepreneurs.***

***Indexed Terms- Social Entrepreneurship, prospects and Challenges***

## I. 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. Serving the people at the bottom of the pyramid demands a different kind of vision and a mission-like approach on the part of the protagonists in the arena, which is the hallmark of social entrepreneurs. It is heartening to discover these attributes in the social entrepreneurs of the organizations selected for the current research study Social entrepreneurship—the

practice of responding to market failures with transformative, financially sustainable innovations aimed at solving social problems—has emerged at the nexus of the public, private, and nonprofit sectors. It is a new breed of entrepreneurship that exhibits characteristics of nonprofits, government, and businesses—including applying to social problem-solving traditional, private sector entrepreneurship's focus on innovation, risk-taking, and large-scale transformation.

While social entrepreneurship is not a new phenomenon, the field has experienced enormous growth over the past 15 years, receiving increasing recognition from journalists, philanthropists, researchers, and policymakers as an important and distinctive part of the nation's social, economic, and political landscape. The terms social entrepreneur and social entrepreneurship were used first in the literature on social change in the 1960s and 1970s. Social entrepreneurship as a practice that integrates economic and social value creation 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 (<http://www.ashoka.org>); the multiple activities of Grameen Bank, established by Professor Muhammad Yunus in 1976 to eradicate poverty and empower women in Bangladesh (<http://www.grameen-info.org>); or the use of arts to develop community programs in Pittsburgh by the Manchester Craftsmen's Guild, founded by Bill Strickland in 1968 (<http://www.manchesterguild.org>) : these are contemporary manifestations of a phenomenon that finds its historical precedents in, among other things, the values of Victorian Liberalism. The conviction of "enlightened entrepreneurs", as some Victorian industrialists are referred to, that there was a need to combine commercial success with social progress gave birth to industrial groups that used economic wealth for the good of the community (Bradley, 1987; Thompson, Alvy, & Lees, 2000).

Over the last few years, a number of successful business entrepreneurs have dedicated substantial resources to supporting social entrepreneurship. For example, Jeff Skoll, co-founder of eBay, created a foundation and donated 4.4 million pounds to establish a research center for social entrepreneurship (<http://www.skollfoundation.org>). Jeff Bezos, founder of Amazon, recently announced a one million US dollar award for innovative approaches and breakthrough solutions to effectively improve communities or the world at large (<http://www.amazon.com>). Finally, social entrepreneurs join the leaders of nations and corporations in panel discussions at the World Economic Forum in Davos

The concept of entrepreneurship has a long history in the business sector. A major theme has been the creation of value through innovation (Schumpeter, 1951; Drucker, 1985). As applied more recently to social concerns, the concept has taken on a variety of meanings. Some, for example, have focused on social entrepreneurship as combining commercial enterprises with social impacts. In this perspective, entrepreneurs have used business skills and knowledge to create enterprises that accomplish social purposes, in addition to being commercially viable (Emerson & Twersky, 1996). Not-for-profit organizations may create commercial subsidiaries and use them to generate employment or revenue that serves their social purposes; for-profit organizations may donate some of their profits or organize their activities to serve social goals.

These initiatives use resources generated from successful commercial activities to advance and sustain their social activities. Social entrepreneurs are focused on social problems. They create innovative initiatives, build new social arrangements, and mobilize resources in response to those problems, rather than in response to the dictates of the market or commercial criteria. Still others see social entrepreneurship as a way to catalyze social transformation well beyond the solutions of the social problems that are the initial focus of concern. From this perspective, social entrepreneurship at its best produces small changes in the short term that reverberate through existing systems to catalyze large

changes in the longer term (Ashoka Foundation, 2000).

## II. SOCIAL ENTERPRISE

Social enterprises are private organizations dedicated to solving social problems, serving the disadvantaged and providing socially important goods that were not, in their judgment, adequately provided by public agencies or private markets. These organizations have pursued goals that could not be measured simply by profit generation, market penetration, or voter support. Haugh & Tracey Social enterprise[s] [are] business [es] that trade for a social purpose. They combine (2004) innovation, entrepreneurship and social purpose and seek to be financially sustainable by generating revenue from trading.

Their social mission prioritizes social benefit above financial profit, and if and when a surplus is made, this is used to further the social aims of the beneficiary group community, and not distributed to those with a controlling interest in the enterprise. In this way Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps. Social entrepreneurs often seem to be possessed by their ideas, committing their lives to changing the direction of their field.

## III. SOCIAL ENTREPRENEURS

Bornstein (2004) Social entrepreneurs are people with new ideas to address major problems who are relentless in the pursuit of their visions, people who simply will not take "no" for an answer, who will not give up until they have spread their ideas as far as they possibly can. Boschee (1998) Social entrepreneurs are not-for-profit executives who pay increasing attention to market forces without losing sight of their underlying missions, to somehow balance moral imperatives and the profit motives – and that balancing act is the heart and soul of the movement. Dees (1998)

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.

Thompson, Alvy, Social entrepreneurs are people who realize where there is an opportunity to satisfy some & Lees (2000) unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources (generally people, often volunteers, money and premises) and use these “to make a difference”.

#### IV. SOCIAL ENTREPRENEURSHIP

It is the recognition of a social problem and the uses of entrepreneurial principles to organize create and manage a social venture to achieve a desired social change. While a business entrepreneur typically measures performance in profit and return, a social entrepreneur also measures positive returns to society. Thus, the main aim of social entrepreneurship is to further broaden social, cultural, and environmental goals. Social entrepreneurs are commonly associated with the voluntary and not-for-profit sectors but this need not preclude making a profit. Social entrepreneurship practiced with a world view or international context is called international social entrepreneurship. The concept of social entrepreneurship means different things to different people and researchers (Dees, 1998). One group of researchers refers to social entrepreneurship as not-for-profit initiatives in search of alternative funding strategies, or management schemes to create social value (Austin, Stevenson, & Wei-Skiller, 2003; Boschee, 1998). A second group of researchers understands it as the socially responsible practice of commercial businesses engaged in cross-sector partnerships (Sagawa & Segal, 2000; Waddock,

1988). And a third group views social entrepreneurship as a means to alleviate social problems and catalyze social transformation (Alvord et al., 2004; Ashoka Innovators, 2000).

- India’s top social entrepreneurship heroes:

When it comes to social entrepreneurship, India is often referred to as the epicenter of impact investing, and the world’s laboratory for testing new ideas. With a billion dollars waiting to be invested in social enterprises and success stories like Husk Power Systems, Rangсутra, dLight, Watelife and Vaatsalya Healthcare regularly making the rounds in global social entrepreneurship circles, the country is clearly a very important market. Unlike other countries like the UK, Italy, Korea and Singapore where the agenda is being driven by government and large private enterprises (especially Korea), India’s journey into the world of social entrepreneurship has been led by the vision and energy of outstanding individuals. Today, on Independence Day, we salute these social entrepreneurship heroes who have shaped India’s trust with social entrepreneurship. If we have inadvertently left out a luminary, apologies in advance. Here they are the top

1) Mahatha Gandhi: Why Gandhi? The Mahatma was a man obsessed with sustainability, being environment friendly, making the best use of local resources, growth of villages, power of cooperatives, promoting local industry and community-driven initiatives. If social entrepreneurs can be described as visionaries who solve old problems with new ways of thinking Gandhi certainly fits the bill. He always spoke of growing local cottage industry, like Khadi, being self-reliant and having the community own enterprises. The best example of his insistence of leveraging local resources and not being depending on imports is his ‘Salt March’ to Dandi, where he called for local production of salt, after there was salt tax levied by the British. Gandhi’s love for Panchayat Raj, empowerment of women and ban of imports can be looked at as seeds of social transformation, sustainability and self-sustaining local communities

2) Dr Verghese Kurien, father of the India’s milk revolution: Tribhuvandas Kishibhai Patel might have founded The Kaira District Co-operative Milk Producers’ Union (now better known as Amul) in

1946. But if it wasn't for Varghese Kurien- who had just arrived from the US after pursuing a Master's Degree- the co-operative would never have become a household name. Kurien's contribution to the social entrepreneurship movement in India is monumental. Thanks to Kurien's foresight, planning and execution, India through the 'white revolution', went from a milk importing country to the world's largest producer. In a career spanning close to 60 years, Kurien founded around 30 institutions of excellence like Gujarat Co-operative Milk Marketing Federation (GCMMF), Institute of Rural Management, Anand (IRMA) and The National Dairy Development Board's (NDDB).

3) Sanjit "Bunker" Roy, founder of Barefoot College: In 1965, Roy was a young post graduate student from St Stephen's College, Delhi, when he volunteered to spend the summer mapping 100 drought prone areas in famine-affected Palamu District, of Jharkhand (earlier part of Bihar). Roy was never the same following this experience and he made it his life's mission to fight poverty and inequality thereon. He founded Social Works and Research Centre (SWRC) in 1972 to find ways to address rural poverty by using new models and strategies.

His first initiative was to address the water situation by making the villagers self-sustainable by setting up water pumps that were maintained by the villagers. These efforts through SWRC morphed into Barefoot College. Roy through Barefoot College trains villagers to adopt solutions in solar energy, water, education, health care, rural handicrafts, people's action, communication, women's empowerment and wasteland development.

In 2010 Roy was recognized by TIME magazine in 2010 as one of the world's 100 most influential people for training 3 million rural folk to be self-sufficient by providing them training, life skills and making them literate. Roy, incidentally is married to Aruna Roy- the woman who made the Right to Information Act a reality.

4) Anil Kumar Gupta, IIM-A professor and founder of Honeybee Network: Gupta, a professor at Indian Institute of Management, Ahmadabad since 1981, is a true advocate of the grassroots revolution. He's famous for recognizing rural innovators, helping

commercializing their inventions, protecting the intellectual property rights of inventors by filing patents and creating a knowledge network at different levels for augmenting grassroots innovations and inventions.

He is the founder of Honey Bee Network, fellow at the Science and is the executive vice chair of the National Innovation Foundation. Through the Honey Bee Network, and with the help of Society for Research and Initiatives for Sustainable Technologies and Institutions (SRISTI) and Grassroots Innovation Augmentation Network (GIAN) Gupta converts grassroots innovations into viable commercial products. To date, his endeavors document more than 1, 00,000 ideas, innovations and traditional knowledge practices. Gupta organizes a biannual 'Shodh Yatra' that takes participants into different villages to learn more about 'knowledge, creativity and inventions' at the grassroots.

5) Harish Hande, co-founder Selco Solar: Hande, co-founded Selco in 1995, to bring renewable energy solutions to India's poor. When he first started he had problems with creating awareness about solar and had to install the first lighting solutions free of cost to demonstrate its value. Selco's impact since then? In the past 18 years more than 1.35 lakh solar home lighting systems have been installed. His stellar efforts has won him Asia's 'Nobel' prize, the Ramon Magsaysay Award in 2011, for "his pragmatic efforts to put solar power technology in the hands of the poor, through his social enterprise SELCO India."

Hande's genius has been his efforts to not just sell solar lighting solutions, but creating an entire ecosystem around it, including tie-ups with banks, NGOs and farmer co-operatives for innovative financing, creation of income generation activities using solar, high-quality products and superior after sales service. Hande has adopted an open platform for growth, and has created the Selco Incubation Centre, where he mentors other social entrepreneurs to empower them to do exactly what he's done. To date the centre has mentored four social entrepreneurs, with another six currently going through the mentoring process. Hande has also started Selco Foundation, the philanthropic arm of Selco, which seeks to provide the

rural poor with renewable energy services, that can be leveraged for income generating activities.

- **Prospects of Social Entrepreneurship:**

It emerges from the study of the social entrepreneurship organizations in the North East region of India, that these creative and dynamic entrepreneurs and their way of solving certain pressing problems of society have the potential for creating lasting values in terms of social capital in the lives of individuals and society in general. In identifying and meeting unfulfilled social needs, these entrepreneurs showed great amount of innovativeness and entrepreneurship. Social entrepreneurship has the focus on removing the evils of society like poverty, squalor and disease. Social Entrepreneurs attempt to remedy these evils in diverse ways and using different strategies of social innovation which constitutes the answer to tackle the vast range of social problems. In this process transformation of society becomes the ultimate goal of any social entrepreneurship venture.

- **Choice for persons with Will-Power and Determination to change the Status-quo:** Social Entrepreneurship is only for persons of energetic determination and dynamic will-power. Will-power, defined as a deep 205 personal attachment to an intention, is the power that moves an individual to take concrete action, even in the face of seeming difficulties and challenges that run counter to one's intention.
- **Opportunity for Personal Welfare and Social Transformation:** In the fields of opportunity for personal welfare and education, job creation, employability building, income generation, and over-all transformation of society and its constituents, Social Entrepreneurship brings benefits that are amenable to measurements in quantitative terms.
- **Integration of Marginalized Groups:** Integration of the marginalized groups into the mainstream of society, through education, income generation and better living facilities, certainly enhances the welfare of society in which they live. The exclusion of the disadvantaged groups by the elitist mindsets diminishes as they acquire a new standard of life and become aware of greater personal dignity due to the intervention of the social entrepreneur and his/her initiatives.

- **Viable Option for Achieving Millennium Development Goals (MDG):** The study has found that the social entrepreneurs targeted the marginalized population and attempted to solve their problems in an entrepreneurial way. Income generation skills for poverty stricken people, health promotion and care of the sick, education and training for poor youth, skills training for employability building are some of the strategies utilized by the social entrepreneurs of the study. A reasonable conclusion that may be arrived at from the current study is that social entrepreneurs and their organizations are better options and more suited for addressing the issues involved in achieving the MDG. Some examples of government collaborating with the social entrepreneurs are DBI and ACRD, two of the nine organizations which were the units of study in the present research. DBI has networking with governments at various levels for promoting the cause of employment of youth.
- **Excellent Mobilizes of Social Capital:** Social Capital Creation, by way of networking with diverse groups, is a major contribution of social entrepreneurs. The cause for which they stand and actively work is attractive as well as challenging. This enables likeminded persons and organizations to join hands and engage in bringing solutions to problems faced by the marginalized and disadvantaged sections of the population. Social entrepreneurship brings people together in partnership to address certain problems which may be difficult for one person or one organization to handle.

#### V. CHALLENGES OF SOCIAL ENTREPRENEURSHIP

Behind every social entrepreneur there is a team doing some serious heavy lifting to implement the entrepreneur's vision. To solve tough social problems, we need collective action that can be sustained by communities (and supported by governments) over the long haul. Too often aspiring (and usually young) social entrepreneurs assume they need to start their own organization vs. partner with an existing one. This results in the need to raise unrestricted revenue to build infrastructure – bookkeeping/accounting, program evaluation, information systems, etc. Energy and

resources get diverted from problem solving to organization building.

There is no shortage of nonprofits doing very innovative things that nonetheless fail to be recognized, perhaps because they lack a charismatic leader and/or partners who champion and market the innovations. Many social entrepreneurial ideas are largely untested. It's great that these ideas represent new approaches to tackling social problems, but promotion of these ideas tends to be far out in advance of sufficient evidence that they merit promotion as "the next big thing". A strong bias exists in favor of commercial approaches to addressing social problems. It's great to exploit market opportunities to make innovations more financially sustainable and/or create new economic opportunities for the poor, but often public or private subsidies are needed to catalyze change. It's hard to imagine any social entrepreneur who would say that social and economic justice and human rights are unimportant. However, in addition to elevating the individual, the attention given to social entrepreneurship celebrates the ideas (i.e. the means) and not the commitments (i.e. the ends). As such, the focus is on entrepreneurship as a desired activity or way of being, not as a tool (among other tools such as political advocacy and grassroots organizing) to be used to advance human rights.

#### CONCLUSION

In the developing world, the Millennium Development Goals (MDG) might provide a valid operationalization of social needs. The MDG refer to the most pressing social problems to be addressed in the immediate future. They include goals such as eradicating extreme poverty and hunger, achieving universal primary education, promoting gender equality and empowering women, reducing child mortality, improving maternal health, and combating HIV/AIDS, malaria and other diseases (<http://www.developmentgoals.org>). In the developed world, opportunities for social entrepreneurs might arise, for example, from gaps in the social welfare system. 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. Research on social entrepreneurship has grown rapidly

in recent years. Given its importance for society and today's economy, the subject has received considerable attention in different streams of research.

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