

Role of social entrepreneurship in india



Objective: In recent years, 'not for profit' has been pushed to the back partly because social enterprises are being run more like businesses today. The purpose of this paper is to analyze emergence and growth of social entrepreneurship in India. With the current economic climate, it is very likely that social needs will increase and consequently, the number of people committed to addressing them will increase. Definition of social entrepreneurship has changed over time. From corporate philanthropy to non-profit and now to self-sustainability, social entrepreneurship has evolved and will keep evolving with time and needs of the world. This paper tries to understand the role and need of social entrepreneurship in building a sustainable society.

Design/Methodology: This paper derives necessary information from several case studies. An extensive literature review of secondary data resources is undertaken as relevant to the stated objectives of the study.

Findings: Social entrepreneurship is an emerging field that offers opportunity to young professionals to create societal/economic value on a sustainable basis.

Implications: It enables the classification of social entrepreneurial ventures and provides an understanding of their organization and functioning.

Originality: Social entrepreneurship is a natural expression of visionary leadership. Business skills and visionary organizational leadership provide the synergy needed to create new paradigms which meet the vast societal needs not easily addressed under current business models.

Introduction

The Road Not Taken

Two roads diverged in a wood, and I-

I took the one less traveled by,

And that has made all the difference, (Robert Frost)

The time is certainly ripe for entrepreneurial approaches to social problems. Many governmental and philanthropic efforts have fallen far short of our expectations. Major social sector institutions are often viewed as inefficient, ineffective and unresponsive. Social entrepreneurs are needed to develop new models for a new century. The terms social entrepreneur and social entrepreneurship were used first in the literature on social change in the 1960's and 1970's. The terms came into widespread use in the 1980's and 1990's, promoted by Bill Drayton the founder of Ashoka: Innovators for the Public, and others such as Charles Leadbeater. Though the concept of social entrepreneurship is gaining popularity, it means different thing to different people. Many associate social entrepreneurship exclusively with not-for-profit organizations starting for-profit or earned-income ventures, others use it to describe anyone who starts a not-for-profit organization. Still others use it to refer to business owners who integrate social responsibility into their operations (what we refer to as “ corporate social responsibility”).

Social entrepreneurship-meaning

Social entrepreneurship as the concept was coined long ago but has been in the corporate parlance in just the recent past. Traditionally,

entrepreneurship has been associated with profit making individuals who aim high and achieve a lot for themselves in the world of tough competition. And the success of enterprise was and is being judged on parameter like return on investment and net income margins. But, with the empowerment and awareness of the citizens of the developing world, a new revolution has started, particularly among the youth of the world. This revolution is the growth of Social Entrepreneurship-the form of entrepreneurship where profits are not the end result, but just the means to achieve the end result of social upliftment and further empowerment.

Social entrepreneurs play the role of change agents in the social sector by adopting a mission to create and sustain social value, by recognizing and relentlessly pursuing new opportunities to serve that mission, by engaging in a process of continuous innovation, adaptation and learning, by acting boldly without being limited by resources currently in hand and by exhibiting heightened accountability to the constituencies served and for the outcomes created. Social entrepreneurs are reformers and revolutionaries, as described by Schumpeter, but with a social mission. Peter Drucker considered the social entrepreneur as somebody, who seeks social change, reacts and replies to it, exploits it as an opportunity, and therefore changes the performance capacity of society.

Generally, there are many different definitions of Social Entrepreneurship and this renaissance of the social entrepreneurship phenomenon has definitely not reached a mature state of development. Although Alex Nicholls defines it as representation of an exciting and emergent set of new models offering hope for systematic, positive, social and environmental change.

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What business entrepreneurs are to the economy, social entrepreneurs are to social change? Social entrepreneurship is neither about charities, nor about exploiting the down trodden, it is an innovative business model where business flourishes along with the society.

Social entrepreneurs want to make the world a better place and have a driving passion to make that happen. For instance, Devi Prasad Shetty strives to make sophisticated healthcare available to all, irrespective of their economic situation or geographic location. He founded the Narayana Hrudalaya Hospital in Bangalore in 2001. He has built a network of 39 telemedicine centers to reach out to patients in remote rural areas. Sixty percent of the treatments are provided below cost or for free. Aravind Eye Care Hospital in Madurai set out to eliminate unnecessary blindness provides free, high-quality eye care to 66 percent of the patients. It manufactures interocular lenses to be able to make eye care affordable to the rural poor. The founder of Aravind Eye Hospitals-Dr G. Venkataswamy started his initiative only after he had officially retired from public service. It is now the largest eye hospital group in the world. Also, social entrepreneurs use creativity and ingenuity to solve problems. For example, Give India foundation was set up to match those who wished to give money to credible organizations. Give India has reviewed over 1, 000 nonprofit organizations from all over India to identify nearly 100 organizations that work for causes ranging from child welfare and education to disability, poverty, and women's empowerment that have met with the Credibility Alliance's norms.

Opportunities for Social Entrepreneurship

Social entrepreneurship is a new form of entrepreneurship that exhibits characteristics of nonprofits, governments and businesses. It applies traditional (private-sector) entrepreneurship's focus on innovation, risk taking and large-scale transformation to social problem solving. The social entrepreneurship process begins with a perceived social opportunity is translated into an enterprise concept; resources are then ascertained and acquired to execute the enterprise's goals. Social entrepreneurs sometimes are referred to as "public entrepreneurs," "civic entrepreneurs," or "social innovators". They are change agents; they create large-scale change using pattern-breaking ideas, they address the root causes of social problems, and they possess the ambition to create systemic change by introducing a new idea and persuading others to adopt it. These types of transformative changes can be national or global. They can also be highly localized in their impact. Social entrepreneurs who create transformative changes combine innovative practices, and deep knowledge of their social issue area and research to achieve their goals. For entrepreneurs working in the social realm, innovation is not a one-time event; rather it is a lifetime pursuit.

Historically, the main operational areas in which social entrepreneurs create change have been (Bornstein 2004):

- Poverty alleviation through empowerment, for example the microfinance movement
- Health care, ranging from small-scale support for the mentally ill ' in the community' to larger scale ventures tackling the HIV/AIDS pandemic

- Education and training, such as widening participation and the democratization of knowledge transfer.
- Environmental preservation and sustainable development, such as ‘green’ energy projects.
- Community regeneration, such as housing associations.
- Welfare projects, such as employment for the unemployed or homeless and drug and alcohol abuse projects.
- Advocacy and campaigning, such as Fair Trade and human rights promotion.

Social entrepreneurship is viewed, not as an isolated phenomenon but an integral part of a social system. Thus the role, nature and scale of social entrepreneurship cannot be discussed without taking into consideration the complex set of institutional, social, economic and political factors that make up this context. The economic, social and political institutions (such as markets, companies, charities and bureaucracies) that are designed to cater to the basic needs and rights of individuals in society are failing to serve large segments of the population. As a result millions of people remain marginalized, locked into an informal system that does not the right to be paid fairly, to be treated equally or to access education and health services, often leading to situations of chronic poverty. On the other hand, new problems are continually being created as a result of the very same institutions, organizations and individuals striving to satisfy other perceived needs or wants in society. For example, pollution caused by companies in their competitive race for growth and technological advances, leads to new basic needs for clear air and water. Rapid economic growth and radical

transformation of social, economic and cultural life, often as a result of technological change, has led to increased inequalities both within and between countries across the globe.

Amartya Sen (1999) has argued that these basic human needs are also, in fact, basic human rights. Sen refers to them as ‘instrumental freedoms’ that enable development by fostering individual capabilities. These ubiquitous fundamentals are not being delivered by society to all of its members. Social entrepreneurship is viewed as individual and collective actors addressing the opportunity spaces created by these failures. They may be fulfilling the role of delivering products, services or institutions that existing organizations in the public, private or voluntary sector do not provide. Or they may address needs newly created by legitimate activities or by illegitimate actions.

Social entrepreneurship in India

Social entrepreneurship in India is very much shaped by the political context or, more specifically, by the political problems since independence. In India, many social entrepreneurs address the huge gap that exists between formal legislation (which recognizes no discrimination across social strata) and social reality (the prevalence of the caste system). The opportunity space for and activities of social entrepreneurs is also shaped significantly by the natural disasters occurring on a regular basis. Social entrepreneurs have created organizations that complement and substitute for missing action by national and international relief activities. India has many natural resources, which are untapped. Human resources, agricultural produce, forest products and rural market potential, capital formation are some of the resources, which are grossly underutilized. It is necessary to harness the vast untapped

resources of our country and to channelize them towards accelerating total human development. It is a purposeful activity of an individual and group or a group of associated individuals to undertake economic activities for economic empowerment. They are regarded as an important element of development strategy. Economic development in the country can play social and political role in creating local employment, balancing regional development, generating income among poor, thus promoting a positive change among people.

The major boost in social entrepreneurship was given by Nobel Prize winner Dr. Mohammad Yunus when his brain-child Grameen bank became successful in helping people lift themselves out of poverty in rural Bangladesh by providing them with credit without requiring collateral. Yunus developed his revolutionary micro-credit system with the belief that it would be a cost-effective and scalable weapon to fight poverty. It was soon realized that profits can be made along with serving the society, provided profit is treated as a means and not the end result. The work of Yunus and Grameen echoes a theme among modern day social entrepreneurs that emphasizes the enormous synergies and benefits when business principles are unified with social ventures.

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 or chairman) of a social enterprise, which primarily is a NGO, which raises funds through some services (often fund raising events and community activities) and occasionally products. Rippan Kapur of Child Rights and You and Jyotindra Nath of Youth United, are such examples of

social entrepreneurs, who are the founders of the respective organizations. Jay Vikas Sutaيرا of Bhookh. com is a social entrepreneur who is leveraging in the power of the internet to fight hunger in India. Another excellent example of a non-profit social enterprise in India is Rang De-founded by Ramakrishna and Smita Ram in January 2008. Rang De is a peer-to-peer online platform that makes low-cost micro-credit accessible to both the rural and urban poor in India.

The popularity of Social Entrepreneurship is growing at a very high pace in India even through the current economic downturn. Earlier, organizations solving social problems were often assumed to be idealistic, philanthropic and lacking business acumen or the ability to be entrepreneurial. However, as the social sector has been coming in touch with the private sector, both have begun to realize that just one approach either pure philanthropic or pure capitalist is inadequate to build sustainable institutions. Social entrepreneurship is still at a nascent stage in India and it definitely holds great opportunity for any one ready to take the plunge.

Since opening its economy in the early 1990s, India has shown incredible promise demonstrating rapid growth and entrepreneurial spirit. But festering social issues still remain for many of its citizens, including poverty and a lack of opportunities and resources. Many NGOs are devoted to improving the lives of many Indian and government has also been spent more money on social welfare and rural programs in an effort to stimulate more economic growth across this vast country. But social entrepreneurship is also catching on in India. With the belief that individual-not just the government or NGOs-

can bring new ideas, resources and energy to solve social and economic challenges, many entrepreneurs are investing in such programs.

Many 'needs gaps' persist because existing businesses or public organizations fail to address them or address them inadequately. Filling one such gap is social entrepreneur David Green who, working the Aravind Eye Hospitals in India, has been able to produce intraocular lenses at a fraction of the traditional cost while still making a profit. Companies often shy away from addressing basic needs as they do not see the business case-the potential to make profits. Governments often shy away from experimenting and engaging in new ways of addressing social problems, simply because their rules of the game are determined by a five year run to re-election.

In India, entrepreneurship among women is very limited in the formal sector. Mostly women undertake self-employment activities in the informal sector as home-based work. Women entrepreneurs in India own only less than five percent of all businesses. These activities are not accounted in official statistics and remain invisible in the national economic contributions of women entrepreneurs. In India the women entrepreneurs representing a group of women who have broke away from the beato track and exploring new vistar of economic participation. Today women are working hard in every field of India and achieving mountains successes. The list of successful women entrepreneurs is quite long. Among some accomplished women entrepreneurs, Smt. Sumati Morarji of Shipping Corporation stands as a beacon to women entrepreneurs. Smt Yomuti Kirlosker of Mahila Udyog Ltd., Smt. Shenaz Hussain in Beauty Clinical Cosmetics, Smt. Waheeda Rehman in fast food, Smt. Rita Singh of Mescos group, Smt. Parmeshwar Godrej and <https://assignbuster.com/role-of-social-entrepreneurship-in-india/>

many more stand out as successful women entrepreneurs. In era of Liberalization, privatization and globalization Indian women as entrepreneurs are fast entering non-traditional areas like electronic, software, consultancy, and furniture, ceramic.

Challenges of social entrepreneur in India

When social entrepreneurs endeavor to bring about a social change, they are confronted with tremendous problems. To begin with, they collect vast amount of information, synthesize them, and then develop an action plan, focusing on the causes of the problem. Communication and leadership skills are essential to acquire basic entrepreneurial qualities, which are, per se, linked to character and personality. Successful entrepreneurs are opportunity-seekers, value-creators and resource-allocators. They are basically bold, patient, resourceful people. Social entrepreneurs are tied to a goal fostered by a personal history and feeling that improving society is part of one's personal fulfillment and potential, but they need to equip themselves with a disciplined way of thinking and of approaching problems without forgetting that this training is not enough. The complexities of the reality demand that the social entrepreneurs deal promptly and diligently with problems. Social entrepreneurs need to know that to succeed in their social mission, lifelong learning is essential. Continuous update in their field is the most important challenge they face, to be relevant in the field.

Social entrepreneurs adopt new approaches to many social ills and new models to create wealth, promote social well-being and restore equity and justice within the society. They may encounter extraordinary political, social, cultural and economical resistance but the challenge is that they have to

identify structural supports to turn to, for financing, for obtaining information and advice. They listen carefully to people from different backgrounds and gain a detailed understanding of their ideas and life histories, without announcing their presence and putting their ideas into their minds. They do not impose their plans and programmes because they believe in unraveling people's potentials, idea, plan, knowledge and resources. They do not start with the perfect plan; they just have a complete commitment to solving a problem. They flow around obstacles of status quo, regulations, lack of funding, program design flaws and changing needs, always adjusting and maneuvering to reach their goals. No matter whatever the leanings and obstacles, they should continue their committed service, striking a balance between positions of power and authority. These profiles demonstrate that there is no stopping.

Social entrepreneurs are eager to identify more resources and channelize them systematically to the community for optimum utilization and resource conversion. Hence the society appreciates ethically motivated social entrepreneurs to break out of the negative patterns and to initiate new orders of things. It means to take concentrated, persisting effort to achieve the goal. The degree to which a social goal has been fulfilled depends on the patterns, which stem from an understanding to allocate the resources to the target population. Thus, they need to be equipped with business skills. This understanding should be confronted with the constraints and opportunities of the local reality. They prepare individual and group to attack large scale problems with very little resources. They do not believe in developing human resources, but consider people as their asset, capital and resource. They

concentrate on abilities rather than pondering over the disabilities and helplessness. There are vision bound social entrepreneur who present their goals with fixed determination of an indomitable will and even quit their other jobs to concentrate on their ideas. They prefer action instead of stagnancy, good solutions instead of persisting problems, justice and opportunity instead of poverty and neglect. They dream of solving a problem or making a positive change in the environment. They are opportunity seekers so they try to win optimum excellence in all that they do and advocate. They help small producers to capture greater profits. They promote the concept of production of the mass based on labour intensive as against the “ mass production” based on capital intensive.

Social workers as social entrepreneur are not happy just with an idea, but they are happy when they solve the problem in the most indigenous way. To solve a problem and cause fundamental social change trustworthiness and integrity are their most important assets. Social entrepreneurs need to be prepared for unexpected demands and challenges to build community based organizations to expedite the social change. They can empower the youth, women, children, artisans, craftsmen and farmers to develop skills and confidence to solve a major resource problem. Some social entrepreneurs focus on adding value to productive processes by linking excellence to economic development and environmental protection. They have a greater attachment to finding solutions than to being right, rich, or recognized. It is the very basic of social mission. Therefore the social entrepreneurs have the duty to impart sound values, professional ethics, value based spirituality through their commitment and service.

The New Economic Policy poses a threat to our country's development and sovereignty. The policy is creating more disparity and a new poor. It is the challenge to the social entrepreneur to prepare people to face such problems with creative and collective strategy. The social entrepreneur can provide or help people to arrive at a creative solution, to look for new ways to unleash and redirect the creative energies of people within the present scenario and to reduce the burden of unemployment problem through various income generation activities and by setting up small and medium size enterprises.

Social enterprise has emerged as a major issue among entrepreneurial thinkers. Social enterprise consists of obligations a business has to society. The diversity of social enterprise opens the door to questions concerning the extent to which corporations should be involved. S. Prakesh Sethi, a researcher in social enterprise, has established a framework that classifies the social actions of corporations into three distinct categories: social obligation, social enterprise and social responsiveness. Some firms simply react to social issues through obedience to the laws (social obligation); others respond more actively, accepting responsibility for various programs (social responsibility); still others are highly proactive and are even willing to be evaluated by the public for various activities (social responsiveness).

The environment stands out as one of the major challenges of social enterprise. The reawakening of the need to preserve and protect our natural resources has motivated businesses toward a stronger environmental awareness. Our recent "throwaway" culture has endangered our natural resources, from soil to water to air. They confront enormous challenges as they attempt to build socially responsible organization for the future. They

are beginning the arduous task of addressing social-environmental problems. Entrepreneurs need to take the lead in designing a new approach to business in which everyday acts of work and life accumulate into a better world. One theorist has developed the term ecovision to describe a possible leadership style for innovative organizations. Ecovision encourages open and flexible structures that encompass the employees, the organization and the environment, with attention to evolving social demands. It will be critical to maintain an elevated social status for social entrepreneurs. The challenge in the coming years will be to find a good balance between attributing 'social hero' stories to social entrepreneurs and creating a solid role associated with status in our societies the biggest task, that of sustaining the role of social entrepreneurs in economic and social life, is faced by the governments.

Conclusion

There are innumerable examples of people who have blended profitability with social cause and made a difference. They are spread across different sectors-education, energy, healthcare and technology to name a few. But is it enough? Maybe we need many more dreamers and people who can turn this dream into reality. With the Indian entrepreneurial energy, there seem to be a lot to look forward to. Sustained efforts, not only by the financial, business, multilateral and public sectors but also the academic sector, will be the critical to maintaining the current momentum for social entrepreneurship.