

## **Social Entrepreneurship- The Need for Inclusive Growth**

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**Abstract:** Social entrepreneurship is one of the most popular words being used in India as well as in various other regions in the world. Social entrepreneurship is a combination of providing entrepreneurship services with an aim to fulfill the economic needs along with attending to the social causes, so as to serve the society better.

Social entrepreneurship as a cause directs the needs of the society wherein the enterprise acts as a tool for social change. It pledges to determine the needs of the society that can be met through various social innovations. Social entrepreneurs bring a change in the society by working in areas of education, environment, economic and social issues.

The desire of entrepreneurs is social improvement and instead of earning money or making huge profits; their belief is in providing goods and services to the society without earning any profit. Largely, social entrepreneurs have an emotional desire to solve problems faced by the society in a different manner so that it can be used by others as well.

This research discusses about the conceptual structure and essence of social entrepreneurship. While pointing out the nature and significance of social entrepreneurship, we'll be discussing the essence on the social environment of nations like India and most importantly being engaged at the grass root level while serving the ones in need.

We conclude that social entrepreneurship is borne by the mission of serving the society and the system of change. Succeeding in achieving this

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goal is a task that involves a lot of efforts. The paper discusses the different challenges dealt by the social entrepreneurs and in the concluding section of this paper, the propositions to do so will be taken up by recommending few measures to overcome these challenges.

**Keywords:** Social Entrepreneur, Social Entrepreneurship, Social Entrepreneurship issues and Challenges

## **Introduction**

The entrepreneurs play a very significant part in the society. They take up responsibilities and the risk to carry on a business with an aim to develop economically and earn profits. On one hand, the focus is on developing and utilizing fresh thoughts with success and economic growth as an objective. Strategic management is applied to escape defeat and ensure stability in the business.

On the other hand, social entrepreneurship has diverse objectives to achieve, which are related to fulfilling the environmental, educational, social well-being of the society. Ethics forming the base of user-friendly ideas along with the support of innovative ideas, are used which are supported by emotions and intensity to improve the socio-economic status, and not only to make gains. Social entrepreneurs seek the best solutions and desire that other should also follow that.

The purpose is to create the social value by offering goods and services to the community on non-profit basis. Social entrepreneurship is unique in nature and the prime objective stands different from the usual entrepreneurship. Generally economic gains are merged with social gains. NGOs are primarily the organizations that are set up to with an aim to pursue these objectives who work for the people belonging to the deprived sections of the society.

To make sure that the objectives serve their purpose at the lowest level of the pyramid providing, products and services through the use of ingenious aids and also make sure that the cost of the goods are at lower level. Social entrepreneurship attempts to bridge the gap that is not looked upon by the process of economic entrepreneurship. It tries to provide for social services by providing different goods and services to the people from the deprived part of the society.

The major difference between social and economic entrepreneurship lies in the fact that economic entrepreneurship is majorly upon making profits and personal gains; but then concept of making profit is more in case of economic entrepreneurship. On the other hand, social entrepreneurship aims to attain the objectives of bringing social gains over the personal gains.

The organizations are trying to bring a change in face of our society by bridging the gap created by the economic entrepreneurship and by balancing the social imbalance. Various examples about individuals, institutions working for poor and deprived in the field of education, micro-financing, medical aids and so on can be provided. Such organizations are functioning with the objective of fostering modification in the society rather than working for personal gains.

### **Objectives**

This research attempts to attain various objectives keeping in mind the significance and sanity of the research titled in mind. This particular paper will attempt to achieve the following objectives:

1. To follow and apprehend the concept of social entrepreneurship and its basic structure.
2. To analyze the significance of social entrepreneurship to fulfill the special needs of society by means of innovations.
3. To understand and define the challenges faced by social entrepreneurship.
4. To form various suggestions through various instructions to meet these challenges.

### **Social Entrepreneurship -Concept**

Robinson (2006) considered social entrepreneurship as an upcoming global aspect that impacted the society through new methods for identifying problems arising in the society. This concept was first developed in 1980 by Built Drayton of Ashoka, a global association in which world leading social entrepreneurs are members. Another crusader, David Gergen, Professor in Harvard University explains social entrepreneurship as a user-friendly logical following the ethical notions to guide the huge number of citizens as the purpose of social entrepreneurship. According to Austin, Stevenson, and Wei-Skillern (2006, p.1), "Social entrepreneurship is still

emerging as an area for academic inquiry." Social Entrepreneurship is one of the latest concepts. Even though social activities have existed since a long time, social entrepreneurship as a concept gained attention of researchers and management practitioners very recently.

Harding (2007, p.74) explains social entrepreneurship as "any attempt at new social enterprise activity or new enterprise creation, such as self-employment, a new enterprise, or the expansion of an existing social enterprise by an individual, team of individuals or established social enterprise, with social or community goals as its base and where the profit is invested in the activity or venture itself rather than returned to investors." Hence, the two categories in which activities of a social entrepreneur fall can be categorized as: a) Determining new and alternative ways of providing services to the society and 2. Developing various start up organizations with the aim of operating at not for profit basis.

Social entrepreneurship is not expressed in legal form, as it can be sought through a variety of means. Truly, examples of social entrepreneurship can be found within or can span the nonprofit, business, or governmental sectors" (Austin et al, 2006, p.2).

Roberts and Woods (2005, p.49) define social entrepreneurship as: "the construction, evaluation and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated individuals."

Some scholars believe social entrepreneurship as multi-dimensional concept. Mort et al. (2003, p. 76) believe that social entrepreneurship is a multi-dimensional construct involving the expression of entrepreneurially virtuous behavior to achieve the social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognize social value-creating opportunities and key decision-making characteristics of innovativeness, pro-activeness and risk-taking."

The social entrepreneurs support such ideas strongly so that it can be implemented effectively. Social entrepreneurs involve a variety of such people who act as leaders to promote changes so as to channelize their energies and turn their ideas into reality so as to attain the aims of social entrepreneurship.

Social entrepreneurs work with a pursuit to attain the objectives of preserving social values. They continuously adopt and determine a variety

of ways to accomplish their goals of serving people selflessly. They derive ideas from the businesses working with the aim of earning profits as well as those working on a non-profit basis. These administrators or entrepreneurs work in variety of organizations whether small or large, new or old, whether aimed at pursuing secular or religious goals working for profit or non-profit or in a combination structure.

The specific aim in their life is to bring an improvement in the society. They've a realistic vision towards society; they work towards implementation of their vision and direct the society for its betterment and coming at a solution of various problems. The venture is managed by following entrepreneurial principles. Measurement of performances of human as well as other resources help managing the organization, while the focus remains is upon accessing the success in terms of bringing about changes in the society.

### **Characteristics of Social Entrepreneurship**

The basic purpose of social entrepreneurs is to address social issues and problems in an innovative manner while following the principles of entrepreneurship. The economic entrepreneurs as well as social entrepreneurs both have similar belief systems, management principles, and work on the basis of competence, maturity and professional support.

However, following traits of social entrepreneurship are generally seen:

1. It deals with hazards and insecurities in setting up an organization by the social entrepreneurs.
2. Vision and prudence are the basic principles which form the foundations on which organizations are built however, they seek to find out solutions of problems which they're not able to create.
3. Such organizations believe in helping those who work towards achieving social objectives by providing them the opportunities of authority and guidance.
4. Innovatively solving the problems of the society in one of the most unique quality of social entrepreneurship.

5. Distinctive traits of social entrepreneurship are their social values. However, economic values cannot be segregated from the main aim by fulfilling the social value principle is to provide social benefits to all.
6. Social entrepreneurship believes in providing innovative resolutions and to manage social inequalities and issues.
7. Social entrepreneurship targets upon non-personal benefits and work towards the gain of the society.
8. Social entrepreneurs see profits as a secondary issue as it's not their main aim.

### **Who is a Social Entrepreneur?**

Social entrepreneur is a person who is determined, inclined towards solving social issues, is innovative, works for the non-profit motive, to be against poverty, and engages himself in ventures that have a social purpose, with an aim of deriving and provoking social values. The target isn't upon generating wealth but upon promoting social changes that are systematic in nature. The term entrepreneur was first coined by Irish economist Richard Cantillon. "He described entrepreneurs as 'undertakers' engaged in market exchanges at their own risk for the purpose of making a profit" (Roberts and Woods, 2005, p.46).

Like a business entrepreneur follows strategies, creates innovative solutions to problems, looks for opportunities for deriving new ideas, are focused as well as hardworking, the nature of social entrepreneurs are the same. He may not have access to capital resources or support from the market system, he is a resourceful person in himself as he possesses the skills of accessing resources from all parts of the society.

Social entrepreneurs believe in being result oriented, aiming to produce returns that can be measured, looks for opening up new ways, working for the betterment of the people from marginalized and disadvantaged sections of the society and identifies various probabilities of having optimistic results for social change. Social entrepreneurs work in many areas related to the community well-being like, improving the financial well-being of the society through tracking varied opportunities, working in an accountable as well as a transparent manner. He is a responsible person who does all activities that help disadvantaged population. He lays the foundation for

peace and human welfare, tries to bring a change either on short term or on long term basis for different kind of people belonging to the diverse sections in the society.

## **Literature Review**

Literature review on social entrepreneurship discusses about the work done by the other researchers in this area. The aim is to understand the features of the topic. It is as under:

- “Social Entrepreneurship – A way to bring social change to common cause” by Daru, Mahesh and Gour, Ashok (2003) associated with project. Millennium development goals (MDGs) for eradicating poverty, hunger to promote education, gender equality and focus on empowering women and improving maternal and children health. They advocate for working to fill social welfare system gaps.
- Noted organizations in the branch of social entrepreneurship described social entrepreneur as one who “combines the characteristics represented by Richard Branson and Mother Teresa” (Schwab,2009).
- Through his research paper Singh (2012) emphasizes upon the importance of using entrepreneurial principles to attain social cultural and environmental codes. He promotes, the acceptance of problems, to create and manage a venture to achieve social change while following the entrepreneurial principles.
- Granovetter (1985) deduced that economic activities also take place simultaneously while working for social causes and social entrepreneurship can be outlined through the business entrepreneurship.
- According to Dees (2001), “The entrepreneur always searches for change, responds to it (entrepreneurship), and exploits it as an opportunity”.
- Peredo and McLean (2006) speak about flexibility in social entrepreneurship, usage of innovation, extending innovations to be adopted by others to produce social value.



## Research Methodology

Research methodology applied in the present paper is descriptive in nature. The data has been collected from various secondary sources. Along with books on entrepreneurship and social entrepreneurship, reports and studies conducted by various researchers online have also been referred. Web sources along with websites of various social enterprises from India and abroad too have been referred to collect data.

Other material published on social entrepreneurship has also been referred to during the research, due appreciation have been given. It is a basic paper based on social entrepreneurship and its contribution. After reading various articles, the data has been collected and represented. Literature review is around objectives of the study.

## Social Entrepreneurship: Issues involved and gap in expectations and realities

Since the social inequalities are maximum in the developing countries, an entrepreneur working towards a social cause has lot of responsibilities to uplift the society and adding to social value creations and bringing social changes. It can only be achieved by the selfless efforts of the people who use their entrepreneurial as well as managerial skills for the benefit of the society and forgetting about their individual aims.

There are various issues which appear while following the objectives of social entrepreneurship. They operate at various levels like: concept level, operations level, and at implementation level.

Issues at the concept level are different than the issues and challenges at the managerial level. Some of these issues are discussed as under:

1. **Support System for Social Entrepreneurs:** Since the concept of social entrepreneurship is comparatively new and detecting individuals who can turn out to be social entrepreneurs is a tough task. People who understand social problems and solve them by using their experienced and initiative, is difficult to find. Very small percentage of people embody the concept of social entrepreneurship and the need of systematic interference at varied level of development to develop thoughts and attempts for benevolent work. The need to look for probable contributors and folks who are keen to contribute towards social change is urgent. The society needs to



encourage people to inspire innovation and modify the thought process towards the gains of those who do not have enough by setting up institutions, which support the social and economic wellbeing of the masses and create the appropriate surroundings by working collaboratively through private as well as government set ups.

2. **Ability and capability of Social Entrepreneur:** Building the ability and capability of an individual through training is one of the most important issues related to social entrepreneur so as to enhance its skills. It is a requisite to assess the means through which such traits can be transferred to different people who are willingly ready to work in the non-profit sector. Business and management skills are common, the plan is to adopt them to fulfill new and inventive purposes which targets on training and developing entrepreneurial talent to tackle social purposes which are difficult situations. When the aim is to earn money, it's easier to train and develop people for attaining the same purpose. The shortage of equipment, training centres, resources that can be used to reach the highest potential that helps a social entrepreneur from the beginning to sustainability.

There is an urgent need of developing such centres that help in improving leadership and administration skills. Generating the system of guiding and designs of appropriate methods with an aim of getting easy entry into social entrepreneurship which comes by choice. The capacity building for the social sector is a need for those working on non-profit basis and the corporate aid is needed to develop, assist as well as establish leaders to foster changes in the society. It is important for all organizations at different levels to undergo institutionalized training to foster changes in the society.

3. **Issues relating to implementation:** Social entrepreneurial activities are participative in nature and we always notice problems in implementation of cooperative partnership. The frequent issue in application, is the cultural conflict between for profit and not for profit institutions and there is an instance of skepticism between money making activities and non-profit sectors. Cultural differences is also one of the obstacles in its application. Inter-cultural collaborations are not able to achieve the objectives of harmonization. Constructing an appropriate performance appraisal system is another challenge, followed by the concept of qualitative

and quantitative evaluation which is difficult to achieve. Various benchmarks used for measuring performance like the number of clients served, amount of money raised, number of projects completed, social mission achieved, which are difficult to evaluate and it becomes difficult to assess the actual figure. The craft of integrating merger of market priorities with development agenda is difficult to achieve. Managing a variety of people like those speaking different kind of languages, with a difference in vision by different people for social entrepreneurship is also an issue.

4. **Issues of Accountability:** Answerability is a complex affair. Since nobody likes to be answerable, one has to carefully manage people so as to be accountable for accomplishing the objectives by doing the activities. It is necessary to survive while serving the purpose of the society along with doing business activities simultaneously to derive income.

The challenge that arises is to make people accountable for the work they do. It is really hard to handle attitude, mood, nature, and mentality, which can be disadvantageous while achieving objectives. The challenging issues involve finding dependable team, develop a systematic business plan, and apply business skills for the success of entrepreneurship and active engagement of people to examine new opportunities by pondering innovatively to achieve these objectives.

### **Challenges of Social Entrepreneurships in India**

In India, the nature of challenges of social entrepreneurship with regard to growth and development of concepts in comparison to other countries. The mindset is different and people do not have any inclination towards social entrepreneurship in India. There is very little understanding about the concept which creates complication in its operations. Some of them are discussed as follows:

- 1) **Concept**

There is complexity with regard to social work. Commonly, people prefer to work as individuals and do not wish to be a part of an organization. There is a shortage of talented and dedicated work force, with an ability to think creatively, which believes in achieving social gains rather than focusing on personal advantages.

## 2) **Finance**

The products and services provided by social entrepreneurs are different, and the financial institutions do not find it profitable to finance such activities of social services which do not provide them with high returns. The lack of financial resources is clearly visible among the social enterprises and social entrepreneurs. Such people rely upon their own resources or the resources contributed privately which create a critical environment and it turns out to be the most important cause for the shortage of social entrepreneurship in India, commercial non-existence, least attractive for financial institutions to come forward. It turns out to be the biggest challenge to maintain and carry on prosecuting their ideas in the absence of ample funds.

## 3) **Individual Recognition:**

Each person needs to be encouraged to turn his thought towards a cause of social entrepreneurship. It is important to mitigate people from their thinking about business and economic activities towards positive and social activities create ample opportunities for them, to create such a value based system so that people think about fulfilling the needs of the society before fulfilling their own needs. It is necessary that the concept of societal change and upliftment of people is promoted. But it is a big challenge, to find people of helping the poor and uplifting them. People working for the society on ethical parameters are difficult to find.

## 4) **Managing Records and Evidences of Change:**

People who contribute and precede the record making of such contributions and changes brought are difficult to find. There is a need to maintain evidence and proper record is necessary as the contributors precede record making about changes, and their contributions, which sometimes become difficult to trace. It is in the case of economic entrepreneurship that such records are easily available. The communication systems are centred towards some individuals which makes it imperfect. Lack of planning at the organizational level, causes failure of social enterprise. Inadequate infrastructure, training and finance create a big challenge to sustain and grow in the country.

## 5) Challenges of managing global operations

Maintaining global activities is a major challenge in developing country like ours. People are not properly trained and their capacity and competence level is not as per requirements, like the skills, capabilities of managing and understanding the complexity of communication are lacking.

## 6) Issues of Existence and Durability

Durability of the business organizations is one of its most important features, irrespective of it being an economic or social organization. Effective management is necessary to make sure that the organizations to stay and make efforts to achieve the results. There needs to be a revenue generating system in addition to absorb commercial realities in a social venture. While pursuing social vision operating profitably is a task for a social entrepreneur. The challenges are of amalgamating the strength and capacity to match the requirements to exploit the opportunities.

## Recommendations, Suggestions and Roadmap

Difficulties, uncertainties and challenges are the parts of the social entrepreneurship in our country, where there is a need for good quality social entrepreneurs. Keeping in view the challenges and expectations from the social entrepreneurs and enterprises serving the cause of social entrepreneurship, the following are the certain steps which can be practiced to face the challenges of social entrepreneurship:

- 1) **Focus:** It is important to focus on the goal so as to create a balance and achieve the usefulness. Being clear about the vision, attainable goals, being aware of our strength, in short doing SWOT analysis at the basic level is of utmost importance.
- 2) **Training initiatives:** Community development as a concept must be initiated by the government and non-governmental organizations, with an aim of promoting community development along with economic progress; with the help of specialized training and development institutes who will necessary training about social entrepreneurship. Creating awareness among the people about the need for taking up social entrepreneurship, which can be done using

media and other communication channels so as to minimize and avoid the chaos between social entrepreneurship and social work.

- 3) **Government Academia Partnership:** Education sector has a higher responsibility of promoting social entrepreneurship by including it in the syllabi at elementary, secondary and senior levels. The youth of our country needs to inculcate values needs by including social entrepreneurship in the course. It is necessary to update social entrepreneurship development programs from time to time, as these programs help in improving the level of motivation of people who intend to join social entrepreneurship program.
- 4) **Providing necessary Support System:** Government needs to work sincerely to provide the necessary facilities to the social entrepreneurs. Social entrepreneurs are the change makers of our society. To create an optimistic motivation in the minds of people intending to become social entrepreneurs but will also attract other people towards this cause.
- 5) **Financing:** Finance is one of the biggest hurdles in the way for the social entrepreneurs as money lending institutions need to be aware of social entrepreneurship organizations and the causes for which they work, for granting the loans and advances. It is necessary to value the social contribution made by these change agents who are working on upliftment of poor people by working in the field of education, health care and social upliftment. Such activities enhance the quality of humans in the country and thus, it should be recognized for financial assistance, grants and subsidies.
- 6) **Government Support:** Funds should be allocated by state government of various states along with the central government for social entrepreneurs. The government's should acknowledge and appreciate the work being done by various individuals and organizations where they have little or no contribution. Issues that have been suppressed the most in our society such as inequality are taken up by private institutions and philanthropists. The government needs to identify such people so that they can be made aware about the expectations from them by motivating them to develop alternate strategies and adopting them those methods, so that they contribute towards the progress of the society. Stability and effectiveness of the

enterprises can be enhanced by using a framework to monitor the systems systematically.

- 7) **Recognition:** Rewarding social entrepreneurs is one of the ways of recognizing the efforts of individuals who have contributed effectively towards the society. The innovation and the creativity introduced by them to bring the social change needs to be appreciated. There needs to be a welcoming atmosphere to accept new plans, new schemes and the environment should enhance the motivation levels, to improve potential of the people.
- 8) **Digital Development:** Technology needs to be grasped and adopted at different levels of development. Inclusion of technology will generate interest and attract more people towards it. Social sector will develop with the help of social media and the awareness it creates as the communication network will make communication fast and the excitement contributing by means of adopting digital designs for executing the plans and working of the organization, more efficient.

## Conclusion

Social entrepreneurs are innovative. Social entrepreneurship is one of the means of alleviating poverty and identifying the solutions by means of innovations, which creates employment and inculcates the skills even at the bottom of the pyramid. The education and health care services can be boosted with the support of social entrepreneurship. If the outreach of private organizations is in the rural areas or in such areas where economic entrepreneurs do not wish to go, developing nations will grow and develop at a faster pace. The backward areas can be developed faster with the help of ventures having an optimistic approach of service towards the society, which are best developed through the concept of social entrepreneurship. The financial issues can be solved by various specialized agencies in the form of crowd funding, angel investors and venture capitalists. A systematically organized planning can help in supervising the challenges. It is necessary for an individual to work on the features of himself as an entrepreneur, as it is a renowned fact that social entrepreneurship strengthens the upliftment of society in our country in many ways, though it is facing various hurdles. The government has a very important role to play with an aim to develop results and provide incentives to such



enterprises and start-ups by giving them tax benefits, rebates and cost effective financial assistance.

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