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UPSURGE OF SOCIAL ENTREPRENEURSHIP IN INDIA: AN INNOVATIVE ARCHITYPE FOR BUSINESS

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ABSTRACT

Social entrepreneurship is an emerging ideology by corporates and entrepreneurs, in which they nurture, finance and execute solutions to social, ethnic, or ecological issues. Social entrepreneurs emphasize on ways to relieve or eradicate societal pressures and produce progressive externalities or public properties. This article focuses mainly on the importance of social entrepreneurship. Further it studies challenges and potential of social entrepreneurship. In India. Some of major institutions of social entrepreneurship is also being discussed.

Key Words: Social entrepreneurship, challenges and potential.

Introduction

Social entrepreneurship is an emerging philosophy by corporates and entrepreneurs, in which they cultivate, finance and execute solutions to social, ethnic, or ecological issues. A social entrepreneur is an individual who practices novel applications that have the prospective to resolve societal obstacles. These individuals take the hazard and create optimistic changes in society through their initiatives.

Social entrepreneurship is outstandingly away from each other from the present different types of entrepreneurship ways due to its value proposition and the very fact that it gives the money making a heart and a noble social cause. Social entrepreneurs are intended to drive societal transformations and such entrepreneurs simultaneously act to address particular cases of social issues and problems and empower transformational progress throughout the system. The rise of social entrepreneurship is the societal pressure that is forcing humans to do something for the society and its present day affairs at large but at the same time having a monetary gain factor to it that can make them survive in this world as well. Traditional business models are all directed towards the maximization of monetary incomes that led to the long term development that it owes to society.

There has been an increase in the number of companies that have started to think about corporate social responsibility. Organizations that particularly target to soothe these social pressures have increased progressively as well. Nonetheless, these two practices above have their restrictions due to the crucial emphasis on either profit maximization or social value only. In the times of this increasingly prevailing chaos, social entrepreneurship comes to the rescue. In times when many countries are

specifically facing the dilemma cited above and are searching for ways to cope up with the burdens from both economy and society.

The government of India is very strong on promoting social entrepreneurship in India. Social entrepreneurship is softly revolutionizing the less advantaged segments of India.

Following Parameters differentiate social entrepreneurship from the traditional business ventures.

Cooperative Strategy of Enterprises- In social entrepreneurship, strategy followed is cooperative rather than competitive owing to the social mission of entrepreneurs, poor working capital and market orientation.

Delinquent Finance- Funding for business enterprises is accomplished through issuance of ownership shares - stocks or incurrence of long term debts - bonds or short term debt - loans. These sources can be used by for-profit SE ventures to raise funds and the not-for-profit SE ventures can also borrow funds or accept donations by charging admission, sales or rental. Thus, the difference in funding between for profit and not-for-profit social organizations lies in the peculiarity between investors and donors.

Pioneering Marketing Environment- Business entrepreneurs function in a marketing environment where the supply and demand indirectly influence the price and quantity of the product sold or service rendered. On the other hand, a social entrepreneur marketing environment usually implies that the costs are not fully covered by the revenue.

Good Governance- Business entrepreneurship is administered by a Board of Directors accountable to the owners and the stakeholders. Non-profit social entrepreneurship ventures have the possibility of a different governance structure. They can form a subsidiary organization managed by a business enterprise board if they want to run a part of their enterprise for profit.

Catastrophe of Market - The commercial market do not fulfil a social need, such as in the case of public goods or in contract failure. This can be due to the incapability of those needing the services to pay for them. A problem for the commercial entrepreneur is an opportunity for the social entrepreneur.

Goal of the enterprise - The drive of social entrepreneurship is creating social value for the greater public good whereas commercial entrepreneurship targets at creating profitable operations resulting in private gain. This contrast is fairly overstated. Commercial entrepreneurship does benefit society in the form of new and valuable goods, services, and jobs and can have transformative social impacts. Nevertheless, the basic differences in purpose and reward can still be useful for comparative analysis.

Resource mobilization - The non-distributive restriction on surpluses generated by non-profit organizations and the embedded social purpose of for-profit or hybrid forms of social enterprises confines social entrepreneurs from entering into the same capital markets as commercial entrepreneurs. Also, the finances of a social entrepreneurial venture often make it challenging to recompense staff as competitively as in commercial markets.

Performance measurement- The social aim of the social entrepreneur endures greater challenges for measuring performance than the traditional entrepreneur who can count on relatively tangible and quantifiable measures of performance such as financial indicators, market share, customer satisfaction, and quality. Furthermore, the various financial and nonfinancial stakeholders to whom a social entrepreneurial firm are accountable to are greater in number and more diverse thereby causing more complexity in managing these relationships.¹

The other prominent change is the involvement of mainstream financial institutions in social entrepreneurship. Various venture capital firms are investing in for-profit entities with social objectives. Interestingly, specialized social investors provide capital, networking, marketing and business expertise to such ventures.²

Following parameters of social entrepreneurship need to be discussed in relation to social entrepreneurship in India:

Education: The Education sector in India has shown a marked degree of financial stability and growth potential for social entrepreneurship. There are two key elements. First, the sector represents the maximum figure of income-making enterprises (38%) among others, and also has one of the bottommost figure of loss-making entities (24%). Second, the observation says that there is a virtuous latent; 38% of education enterprises are breaking even – which means the number of revenue-making enterprises in this sector could increase in the coming years.

Rural Development: It is the biggest cost-creation sector at the moment, even though it has largest number of social enterprises.

Health: The sector produces a very minor profitable entities, it has the lowest percentage (13%) of loss creation enterprises. Most importantly, at 73%, the Health sector has the largest segment of break-even businesses. If these enterprises begin to turn a profit; the Health sector could sustain a multitude of successful, profit-making enterprises. There are more enterprises that are loss-making (34%) than those earning a profit (25%). And 41% percent of enterprises are currently breaking even.

The analysis of profitability by measure of years in operation, states that making profit through social enterprise is no easy task. The percentage of loss-making enterprises steadily goes down as the companies get older. But there is virtually no disparity in the number of profit-making entities across age categories. Many enterprises stop making losses as they grow older but do not begin to turn a profit; they merely start breaking even. Surprisingly, even after 11 years or more of operations, the percentage of profit-making enterprises is only 27%.

Major Challenges of Social Entrepreneurship in India

Although social enterprises are encouraged in India yet it faces lot of challenges in India. Some of the challenges are listed below:

Lack of government support : At present the government of India is not providing any kind of help for promoting social entrepreneurship in India .The government’s policies and regulations for social entrepreneurs are very complex and stringent, with no tax incentives or subsidies being provided for a social business.

Entrepreneurship in India is based on old style principles of education :In India business is mainly based on education of individuals. There is a lack of precise curriculum on entrepreneurship in the India.

Absence of Finance :Arrangement of finance is the major function for the Indian entrepreneur. Generally, the social entrepreneurs run their business with their own funds or by raising funds from the local money lenders at a high rate of interest, which sometimes becomes a financial burden on them.³

Scarcity of competent manpower at social enterprise: Social enterprises have to get competent manpower from a variety of sources; professionals, volunteers, laborers and community participants. To align the motives of all these groups with the long term growth of the organization is a challenge for the founders. In order for social enterprises to fulfil their mission in a holistic manner they must typically employ manpower from the underprivileged sector of the society, leading to increased training and developmental cost as these people are typically uneducated and unskilled. ⁴

Potential of Social Entrepreneurship in India : Although challenges of social entrepreneurship has already been discussed yet there are some more sectors where social entrepreneurship can be applied successfully.

In a country like India, solid and liquid waste management are the corner stone for a clean and green India. In Indian background, various solutions, best practices and business models have emerged. In some areas, we see some cases of dramatic U-turns. Progress is visible in the space of solid waste management. Sewage or liquid waste management is still largely left to traditional approaches and conventional systems that either don't work or are fraught with gaps in implementation.

The present solutions are Indian infrastructure based, require large investments and are always on a catch up mode. Cleaning industry is still untouched and it needs young blood to step in and change the face of the sector by using their pioneering skills and techniques.

Green Infrastructure is vital in providing and connecting life support systems for urban environments. It includes parks and reserves, gardens, waterways and wetlands, streets and transport corridors, pathways and greenways, squares and plazas, roof gardens and living walls, just to name a few. Water is one of the most important element of life. But the deficiency of drinking water, is appalling. In today's time, access to clean water is the biggest achievement for any family living in remote areas of the country.

Major social enterprises in India

India has been gifted with some of the most encouraging individuals who work for promoting social entrepreneurship . Some of the institutions that promote social enterprises in India are listed below:

UnLtd India : UnLtd India has created numerous jobs. This organization select entrepreneurs on the basis of social project. The organisation offers both monetary and non-monetary support to the society.

Villgro: It has created gigantic employment opportunities in India and concentrated on healthcare, education, agri-business and energy. It recruits candidates on the basis of the strength of the communal information.

Action for India: Action for India offers a fellowship programme for social entrepreneurs. Action for India delivers entrepreneurs with access to technology, mentorship, investors, government, local associates and business development support channels.

Deshpande Foundation: Driven by the belief that well-planned and well-developed solutions which have a long term impact are the only way forward for the country, Deshpande Foundation creates an eco-system that nurtures innovation and entrepreneurship. Entrepreneurs are given the chance to interact with others, to come up with enterprises that are not only sustainable and scalable, but that have a long term social and economic impact as well.

Rural Technology and Business Incubator: The organisation looks for initiatives that are working towards rural and social inclusion. RTBI adopts a two pronged policy of gestation and offers infrastructure and admin support, as well as funding options, and other value added services.

Dasra: Alleviation of poverty drives the actions of Dasra, which lists sanitation, governance, adolescent girls and strategic giving as priority areas. This organisation lives up to the meaning of its name 'enlightened giving,' by conducting in-depth research to facilitate such giving. Their hands-on approach to consultation and mentorship has helped them build over 730 organisations, who in turn have impacted more than 17 million lives!

Upaya Social Ventures: 'A hand-up and not a hand-out is the best way to lift families out of extreme poverty' – this is the belief that drives the actions of Upaya Social Ventures. In the sector of poverty alleviation through gainful employment, Upaya offers seed funding and business development support to organizations that provide employment opportunities to the poor. They believe in adopting a 'hands-on' approach and often work with their beneficiaries for two to three years to ensure that good social initiatives meet their potential.

Ennovent: Ennovent commenced innovations that aimed at improving the lives of people in low-income markets in India. Ennovent is a global innovation company that has spread its operations to discover, startup, finance and scale business innovations for sustainability. They work with entrepreneurs, investors, enablers, corporations, innovators and their ever-expanding global Innovation Community to jointly develop, fund and implement customised Innovation Solutions to some of the toughest challenges facing the developing world.

Centre for Innovation, Incubation and Entrepreneurship : India's premier B-School, the Centre for Innovation, Incubation and Entrepreneurship is another incubator that has helped transform several wonderful ideas into thriving enterprises. CIIE provides entrepreneurs with various services including incubation, acceleration, mentorship as well as funding. Entrepreneurs can make use of their initiatives like Accelerator, Piramal Prize, MentorEdge and Infuse Ventures.

Khosla Labs: Based in Bangalore, Khosla Labs is a startup incubator and an innovation lab. Entrepreneurs and technology – the organization believes – can help solve several large scale problems. Some of their initiatives include universal financial inclusion through advances in cloud technologies, mobile payments and Aadhaar. They also work in the sector of retail efficiency, big data analytics and healthcare. Novopay and Aadhar Bridge are two popular projects undertaken by the organization.

Marico Innovation Foundation: Marico Innovation Foundation has facilitated nature and implement in the areas of renewable energy, waste management, employability, livelihood and healthcare. The organisation does not provide funding, but does offer social entrepreneurs with access to networks of experts, CSR foundations, pro-bono experts, B-school students, corporate volunteers, impact investors as well as other incubators and accelerators under their Social Innovation Acceleration Program (SIAP).⁵

Rang De - India: Rang De is a not profit online organization in India that lends small loans to individuals planning to start a new or grow their existing business. It is a successful attempt to bring together the two parts of India one of which is successfully progressing while one is left out due to shortage of resources.

Conclusion

India is witnessing social and environmental problems year after year. This led to extensive application of versatile styles and entrepreneurial vigour in the social and environmental subdivisions. India is undergoing an upsurge in social entrepreneurship and efforts by social entrepreneurs to find reasonable solutions to various social problems of society.

Social entrepreneurship is growing in India with the support of government and Non-profit organizations. For social entrepreneurship, recognizing the opportunity is the basic foundation which starts the entrepreneurial behaviour and further broadens social, cultural, and environmental goals. ⁶A growing number of colleges and universities are establishing programs engrossed on educating and training social entrepreneurs. There is a need to propose precise measurement indicators which can benefit in empirical research. Moreover, other aspects affecting the process of recognition of opportunity have to be researched.

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