

**SOCIAL ENTREPRENEURSHIP CONCEPT AND REALITY:
AN INDIAN PERSPECTIVE**

P. Sheela*

*GITAM Institute of Management, GITAM University, Visakhapatnam,
Sheela.paluri@gitam.edu*

and

SG. Rama Rao

*GITAM Institute of Management, GITAM University, Visakhapatnam
ramarao.sakha@gitam.edu*

Abstract

Social entrepreneurship is a buzz word in India and around the world. People have found this concept to be a mixture of social service and entrepreneurship and this combination makes it most attractive and also it is the need of the hour. Globalization, on one hand, did strengthen economic activities but ignored social benefits or societal wellbeing on the other hand. Social entrepreneurship, as a concept, has been on the rise in India and around the world, focusing on serving the society in a more meaningful manner than ever before. Social entrepreneurship is not a recent concept but the importance of the concept has risen to new heights in recent times. Good number of prominent social entrepreneurs in India have recognized the significance of the term and accepted this form of doing business, that helped in shaping the society, in a very positive manner. This research paper is a detailed study on the conceptual clarity, to help in understanding and exploring the characteristic features of social entrepreneurs, analyzing the challenges experienced by social entrepreneurs, and finally, draws out the contributions made by successful social entrepreneurs, from the Indian perspective.

Keywords: *Social Entrepreneurs, Social Entrepreneurship, Social Enterprise, Characteristic, and Challenges*

JEL Code : *L31*

Paper Received : *15-10-2019*

Revised : *23-10-2019*

Accepted : *29-05-2020*

*** Corresponding Author**

1. Introduction

Social Entrepreneurship has been gaining popularity since the late 1990s, focusing on “Society’s Issues and Social Change” and it has been recognized from across the developing economies, beneficiaries at large, media, and through researchers as well, **Nicholls (2009)**. Social entrepreneurs are highly recognized in realizing the opportunity on addressing the social problem, and thereby bringing about change. From the research outcome of **Johnson, (2000); Mair and Martí, (2006)**, social entrepreneurship, through innovativeness, has paved the way for solving social problems, which are becoming more and more complex. This been proved through multiple success stories around the globe, to name a few like Bill Dayton of Ashoka, Dr. Govindappa Venkataswamy of Aravind Eye Care Hospitals, Md Yunus of Grameen Bank, Bunker Roy of Barefoot College. Social entrepreneurs have been referred to as change agents, who integrate their entrepreneurial skill sets, for providing systemic solutions to both social and environmental concerns, **Mair, J.; Martí, I.(2006)**. But despite raising popularity, social entrepreneurship still remains ambiguous and it is not being well understood, not really recognized, all due to the concept of social entrepreneurship not well defined and not properly explored of its relevance. Social entrepreneurship has not been gaining much attention from academicians and educational institutions in India, for which there remains a major gap in our knowledge about social enterprise and social entrepreneurs who are the driving force towards social upliftment and solving major economic and social problems. Such gaps are slowing the prospects of attracting prospective social entrepreneurs and they are ultimately delaying the ability of policymakers to make informed public policy in line with this emerging field. The attempt of this research paper is to review and explore ways and means of

understanding the concept, the characteristics of social entrepreneurs and challenges experienced by them.

2. Review of Literature

Social entrepreneurship, as a concept, is not a new term and it has been researched since the last two decades very extensively but defining and drawing the boundaries is a very difficult task, **Mair and Martí, (2006)**. Social entrepreneurship is an outcome from the concept of entrepreneurship, that emphasizes the combination of resources with the application of innovation, with the objective of facilitating social change. **Martin (2007)** explains the growing popularity of social entrepreneurs, referring to them as “the extraordinary people”, who come up with brilliant ideas and against all odds, generate new products and services, that contribute towards significant change in people’s lives. **Werawardena and Mort (2006)**, reported that it is fragmented and that there is no comprehensible theoretical framework. According to **Zahra et al.**, social entrepreneurs are credited and accordingly, recognized for addressing the social, environmental and economic problems of our time. According to, **Dees, (1998); Haugh, and Tracey, (2010);** social entrepreneurs face specific challenges while setting up their businesses, such as financial, human resource mobilization and quality control. From the human capital point of view, it is strongly believed that social entrepreneurs have to develop an excellent networking skills than when compared to their commercial counterparts. Social business are directed, by social mission-driven approach and influenced by strong conditions such as a non-lose, non-dividend, designed mainly for solving social problems. **Zahra, et.al (2009)** had explored the characteristics of social entrepreneurs, who had generated and thereby, sustained social enterprises. According to them, social entrepreneurs had accommodative and yet divergent logic and exceptional commitment towards and passion for

a sustainable social mission. **Alvord, et al, (2004); Nicholls, (2006)** concluded that social entrepreneurs are exposed to more challenging and different sets of stakeholders while working with private, public, and civil society sectors, which are highly complex. The research outcome by eminent researchers, can be captured in a nutshell. Social entrepreneurship is in existence for long, and social entrepreneurs are the ones, who had identified and brought about a big change, through their unconventional ideas, in solving the social problems.

3. Objectives of the Study

- i. Develop clarity on the concept of social entrepreneurship,
- ii. Understand and explore the characteristic features of social entrepreneurs,
- iii. Analyze the challenges experienced by social entrepreneurs and
- iv. Draw out the contributions, made by successful social entrepreneurs from Indian perspective.

4. Research Methodology

The study was based on secondary data, collected from the various sources such as the Websites, Interviews captured through videos, Case studies, Journals, and Ted Talks. The study is descriptive and conceptual in nature. This study can also be referred to as interpretive because a qualitative lens was used to analyze, interpret, and explain the significant role a social entrepreneur plays in their real time experiences.

5. Conceptual Clarity

Social entrepreneur and social entrepreneurship, were first referred to in the literature review for social change, in the 1960s and 1970s. Social entrepreneurship is known for integrating economic and social value creation, that has a long presence in both cultures across the

global. Ashoka established in 1980s by Dayton with the objective of extending seed capital for entrepreneurs, with a social vision or empowering women in Bangladesh, through Gramina Bank by Professor Muhammad Yunus in 1976 or by establishing Arivind Eye Care, a social enterprise that aims to “eradicate needless blindness” by Dr. Venkataswamy, are some of the greatest accomplishments, that were brought to reality. According to **Gregory Dees (1998)**, known as the father of social entrepreneur education, defined social entrepreneur as a unique type of entrepreneur, with a social mission. He refers to them as individuals, who are able to recognize a social problems and apply the entrepreneurial strategies, to create social change through a business venture. **Fowler (2000)** identified social entrepreneurship as the creation of viable socio economic structures and practices, that generate and sustain social benefits. In the words of **Hibbert et. al. (2002)**, social entrepreneurship integrates entrepreneurial initiatives for social ends and the profits generated are used for the benefit of disadvantaged group in the society. Social entrepreneurs are referred to as people who realize where there is an opportunity to satisfy some unmet need that a state or economy welfare system will not or cannot meet, and who gather together the necessary resources (generally people, volunteers, money and premises) and use them with an objective to ‘make a difference’. According to Bornstein (2004), social entrepreneurs are referred to as people with innovative ideas in order to address major social problems in the pursuit of their visions. He further recognized them as people who will not give up and who do not accept a ‘NO’ as answer and continuously towards spreading their ideas as far as possible. **Roberts et. al. (2005)** referred to social entrepreneurship as “the construction, evaluation and pursuit of opportunities, with an objective of transformative social change, carried out by great passionately dedicated

individuals". The Schwab Foundation(2010) strongly believed that social entrepreneurs drive social innovation, coupled with the element of transformation in sectors like education, health, and environment and so on. Social entrepreneurs pursued poverty alleviation goals, with an entrepreneurial zeal, effective business methods and had the courage to innovate and overcome traditional practices.

The above definitions, given by renowned researchers, give clarity to social entrepreneurship, as a concept, which is focused on large scale transformation of the society and benefit the people at the bottom of the society. Bindeshwar pathak known as the Sulabh Shauchalya Man, worked for the uplift of community, and he was instrumental for the biggest sanitation wave in India and the world. His initiatives brought about changes in the lives of untouchables in India, through technological innovations in sanitation. Bunker Roy, founder of Bare Foot College in Tilonia Village, in Rajasthan's Ajmer District, created a college for empowering rural people in vocational skills. Though the college was established with the aim of providing solutions to the water problems in rural India, its mission soon extended to sustainable development and empowerment of the marginalized. Today this institute is responsible for lighting up the homes of thousands of poor villagers across the world. **Dr. Govindappa Venkataswamy**, an Indian ophthalmologist, was the person behind in establishing the Aravind Eye Hospital in 1976 with the aim to "eradicate needless blindness". Since its inception, they have treated more than four million patients, often free of charge. **Sumita Ghose**, the power behind Rang Sutra, a social enterprise, was instrumental in bringing about socio economic development in rural India by connecting both the community and the market. Sumita Ghose was able to connect rural artisans. **Anshu Gupta**, known as the Clothing Man, was the person behind

GOONJ, established in 1999, with objective of bringing to the forefront the ignored issues of clothing and rural wisdom into the radar of development projects. Ashoka and Schwab Fellow created Anshu, a mass movement, for recycling and reusing materials, as a resource for rural development.

There are many more such successful social entrepreneurs India could be proud of. From the words of Swiss Klaus Schwab, founder of Forum and of the Schwab Foundation, "India has some of the most advanced and innovative social entrepreneurs, with the best models developed in the world". Thus social entrepreneurs establish enterprises, with an objective of tackling a wide range of social and environmental issues, using business solution for achieving the public good.

6. Characteristic Features of Social Entrepreneurs

Dr. Bindeshwar Pathak, the man behind establishing Sulabh International in the year 1970, was inspired by the Gandhian ideology of emancipation of scavengers. His creative and innovative ability had introduced cost-effective sanitation, uplifted the dignity of the scavenger community, reduced environmental pollution, developed non-conventional sources of energy. in the process. Sanjit "Bunker" Roy, instrumental in establishing the Barefoot College, is a great visionary, who led his team to scale upward and supported more than 1300 communities, in over 80 different countries and trained women from rural areas in India and across the globe, to become solar engineers, educators, community leaders and entrepreneurs. Barefoot college leadership is often referred to for its revolutionary approach because his model brought out the leadership role and talent of women. This organization has supported more than one million people, on gaining access to energy, develop self-

directed leadership and generate income. Dr. Govindappa Venkataswamy, with his highly trained staff, made sure that patients are well taken care. Since the hospital is known as a specialty hospital in cataract surgeries, it was estimated that each doctor performs around 3,000 operations a year. All this effort would not have been possible without a strong team support and the commitment of the leader, who had left behind the legacy, that is still carried forward.

Today, Rang Sutra, through the leadership support extended by Sumitra Gosh, is a standing example how a company could integrate, innovation and creativity, with traditional craft skills such as hand embroidery work, appliqué, tie-dye, handloom and engineered weaving, extra weft weaving, leather craft, silver jewelry and beads. All the efforts put forward by the strong teamwork of the rural artisans, under her able guidance, enabled the blending of aesthetic beauty with strong work practices, without compromising on quality. Anshu Gupta, with a strong urge to return to the society which had nourished him, established Goonj, in 1999 “Clothes do not make the man” is an old saying, and it refers to the fact that man is not all about his physical appearance and what matters is what lies deep within him because beneath his clothing lies the fact that truly makes him a human being. This initiative had enabled him to solve a problem, which is not generally considered a problem. Since then, Anshu and his team have been ensuring that the underprivileged masses of the nation live with dignity, through clothing. Donations might lend the donor of clothes a sense of pride but they snatch away all the dignity from the recipient. But Gupta’s innovative idea had given scope to overcome this gap.

As a social entrepreneur, handling risk is a major concern and hence the strong focus on organizational survival, which is the outcome of meeting the challenges of mobilizing resources, drawing the acceptance of the target beneficiaries,

creating a sense of hope and trust in them on one hand while at the individual level, the tolerance of risk in decision making and experiencing personal risk of a non-financial kind (i.e., the risk of losing local credibility and their network of personal relationships) The above successful accomplishment helps in identifying a social entrepreneur as an “unreasonable person”, because they are only focused on bringing a change in the system. The above experiences reveal that social entrepreneur is one who identifies and applies practical solutions combined with innovation, resourcefulness, creativity and commitment. They showcase a dogged determination, that drives them to take risk, which others do not dare to.

7. Challenges Experienced

There is a strong belief that the survival and growth in social enterprise, is accompanied by complication, connected with the creation of economic and social value, which distinguishes a social entrepreneur from that of a commercial entrepreneur. According to **Mair and Martí, (2006); Moizer and Tracey, (2010)**, the combination of mixed value creation, leads to the complication of the process of initiating and operating a social business, which, in turn, leads to the threat of organization sustainability. Richey Daniel Oommen, in the study, “Social Entrepreneurship in India – Opportunities and Challenges in The Current Scenario”, maintains that social entrepreneurship is a topic of growing importance, among academicians and practitioners. The potential of social problems in India is wide, but the degree of support and interest is unknown. The Indian social entrepreneurs experience the full possibilities and challenges. The country is credited with talented human resources, and it has been making a steady progress towards achieving scientific and technological capabilities. India is experiencing an increase in social entrepreneurship initiatives

and their attempts are able to find affordable solutions to various social problems of society.

Bindeshwar Pathak, born into a traditional upper-class Brahmin family in Rampur Baghel village in Bihar, India, was traditionally bought up, typical for boys of his social stature. His first experience at the age of six, for touching a scavenger woman considered untouchable in those days, was that he was punished by his grandmother. He was made to swallow cow dung and urine and was then cleansed with the water from Ganges. Since then he had witnessed other cases where the scavenger community was discriminated against and humiliated. In spite of all such challenges he was confronted with, Bindeshwar still preferred to promote hygienic and sustainable sanitation and he was committed towards the cause of human rights and worked towards bringing social reforms, through education.

Sanjit “Bunker” Roy’s visit to Bihar, had exposed him to the most extraordinary knowledge and skills the very poor had in them. While he was initiating the concept of establishing Bare Foot College in Rajasthan, Bunker Roy was questioned by the villagers a couple of time, with doubt and anxiety. His reply was that he wanted to start a college for the poor. That was the biggest challenge that Bunker Roy experienced while establishing the bare foot college which was built exclusively for the poor. This innovative rural college was managed by marginalized exploited and improvised rural poor, who earned less than a dollar a day. The bare foot college came up with a solution to train grandmothers. The college was able to connect beneficiaries across the globe and the means followed in training them was through using signs and within six months, these beneficiaries turned into solar engineers.

Arvind Eye Care began with 11 beds, four doctors and today it is the largest provider of

eye care treatment in the world. It is faced with the challenge of shortage of paramedic staff. Paramedic staff, referred to as mid-level ophthalmic personnel, contribute, towards the hospital’s productivity. Hence Arvind set up the Lions Aravind Institute of Community Ophthalmology in 1992, in collaboration with the Lions Club International Sight First Programme and the Seva Sight Programme and established the Aurosiksha, a free online educational portal for eye care personnel. The platform provides the opportunity for engaging and providing online courses and extends resources on clinical and non-clinical eye care management. With such initiatives, Arvind Eye Care has increased the conduct of eye camp by many folds and is able to perform over 400,000 surgeries a year. The biggest challenge, that Sumitha Gosh had come across while establishing Rang Sutra with the objective of connecting rural artisans, was capital. No bank was willing to extend financial support towards this cause and she had no asset of her own to show as collateral. She did not give up her attempt of starting the business. She took advantage of the social capital she had developed and approached the weavers and crafts people and offered them the ownership rights through equity. Initially, she could mobilise 1000 artisans, who had agreed to invest Rs.1000 each and with this support, she was able to raise Rs. 10 lakh. Thus she established Rang Sutra on a small scale. Today she is able to connect Rang Sutra with FAB India and IKEA. With such initiatives, Sumitha Gosh had developed hope in the minds of around 3000 rural artisans from across the country. Anshu Gupta very strongly claims every disaster is his major strength. There were three important reasons that GOONJ sustained their systemic approach in helping people after disaster that had been occurring, the logistic support provided after every disaster and building community relationship. These three posed great

challenge to overcome. GOONJ scaled up from clothing to infrastructure development, by using used clothing as a form of parallel economy. Where they give clothing, the infrastructure support for the labor services was extended. Tackling the priority of people was the secret in gaining the community acceptance and it was very easy for GOONJ to overcome challenges of any kind that they came across.

From the above experiences, it is possible to put aside the belief that social enterprises sustainability is threatened if cash is not on time available, if the community need changes from time to time or if the local stakeholders are not interested in associating with the social entrepreneurs. Money is not the real issue when compared to education, health care, good hygienic facilities, infrastructure and clothing. The most important challenge faced by a social entrepreneur, is to understand the emotional part of the community and only then better relationship and trust could be established.

8. Findings and Conclusion

The inspiring cases of successful social entrepreneurs, make social entrepreneurship a promising field with great hope, for transformative changes in our society. Social entrepreneurship plays the role of enhancing social wealth despite lack of support from media, support organizations, policymakers, business schools and researchers.

The study revealed that the core factor, that contributed to the success of social entrepreneurs, was their passion and strong determination in building appropriate and timely solutions, for the pressing social problems through their successful business models. This attempt, on reviewing the experiences of successful social entrepreneurs, could help to explore such factors, responsible for motivating the performance of social entrepreneurs.

9. Limitations of the Study

This research was based only on secondary data, collected through different sources. In spite of many successful stories of social enterprise across the globe and India in particular, as on date there still exists a challenge in providing a unified definition and a well-structured theoretical framework.

10. Scope for Further Research.

Since the concept is still at its nascent stage, there is every need to research on the economic, political and social entrepreneurship. Most importantly, both academicians and practitioners need to work and bring to limelight through research, the contributions and innovative best practices, adapted by social entrepreneurs. Likewise there is a strong and vital need to integrate the concept of social entrepreneurship with the business education curriculums.

11. References

- Alvord, S.H., Brown, D.L. and Letts, C.W. (2004)**, "Social entrepreneurship and social transformation: an exploratory study", *Journal of Applied Behavioral Science*, Vol. 40 No. 3, pp. 260-83.
- Bornstein D. (2004)**, *How to change the world: Social entrepreneurship and the power of ideas*. Oxford, UK: Oxford University Press,.
- Dees, J (1998)**. Enterprising nonprofits, *Harvard Business Review*, January–February, pp 55–67
- Dees J.G. (1998)**. The meaning of social entrepreneurship. 31, 1-6. http://www.caseatduke.org/documents/dees_sedef.pdf
- Fowler, A (2000a)**. *The Virtuous Spiral: A Guide to Sustainability for NGOs in International Development*. London: Earthscan.
- Haugh, H., & Peredo, A. M. (2010)**. The origins, launch and diffusion of the community interest company. *Academy of Management Montreal*.

- Hibbert, S.A., Hogg, G. and Quinn, T. (2002).** Consumer response to social entrepreneurship: the case of the Big Issue in Scotland. *International Journal of Nonprofit and Voluntary Sector Marketing*, Vol. 7 No. 3, pp. 288-301.
- Johnson, S. (2000).** Literature review on social entrepreneurship. available at: www.bus.ualberta.ca/ccse/Publications/Publications/Lit._Review_SE_November_2000.rtf
- Mair, J., & Martí, I. (2006).** Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41(1), 36-44.
- Martin, R. L., & Osberg, S. (2007).** Social entrepreneurship: The case for definition. *Stanford Social Innovation Review*, Spring, 28-39.
- Moizer, J., & Tracey, P. (2010).** Strategy making in social enterprise: The role of resource allocation and its effects on organizational sustainability. *Systems Research and Behavioral Science*, 27(3), 252-266.
- Nicholls, A. (2009).** We do good things, don't we? Blended value accounting in social entrepreneurship. *Accounting, Organizations and Society*, 34(6-7), 755-769.
- Nicholls, A. (Ed.). (2006).** *Social entrepreneurship: New models of sustainable social change*. USA: Oxford University Press.
- Peredo, A. M., & McLean, M. (2006).** Social entrepreneurship: A critical review of the concept. *Journal of World Business*, 41(1), 56-65.
- Richy Daniel Oommen,** Social Entrepreneurship in India – Opportunities and Challenges in the current Scenario. Retrieved:<http://www.denovo.in>
- Roberts, D. and Woods, C. (2005).** Changing the world on a shoestring: the concept of Social. *University of Auckland Business Review*. Autumn
- Shaker A, Zahra,(2008).** A Typology of Social Entrepreneurs: Motives, Search Processes and Ethical Challenges. *Journal of Business Venturing* 24(5):519-532,DOI: 10.1016/j.jbusvent.2008.04.007
- Sharir, M. and Lerner, M. (2006).** Gauging the success of social ventures initiated by individual social entrepreneurs. *Journal of World Business*, Vol. 41 No. 1, pp. 6-20.
- Thompson, J. (2002).** The world of the social entrepreneur. *The International Journal of Public Sector Management*, Vol. 15 Nos 4/5, pp. 412-32.
- Tracey, P., Phillips, N., & Jarvis, O. (2011).** Bridging institutional entrepreneurship and the creation of new organizational forms: A multilevel model. *Organization Science*, 22(1): 60-80.
- Weerawardena, J., & Sullivan Mort, G. (2006).** Investigating social entrepreneurship: A multidimensional model. *Journal of World Business*, 41, 21-35.
- Yunus, Muhammad. (1999).** *Banker to the poor: Microlending and the battle against world poverty*. New York: Public Affairs
- Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009).** A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing*, 24(5), 519-532.