

# Social Entrepreneurship: Path to Social Development

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**Abstract:** Social entrepreneurship can be defined as innovative solution to the social problems of the society, thereby leading to arrangements which further lead to social transformation. As the word goes it means enterprise which isn't just a profit making machine but an institution which helps in bringing social change. This concept is quite relevant in towards society where there are major social imbalances. Social enterprise is one way to minimize this imbalance and lead to social development of the country. India is witnessing increase in number of enterprise which is contributing in shaping of the society and thereby betterment of the country.

Our paper focuses on stressing the importance of social entrepreneurs in social development. Paper will also discuss the process of social entrepreneur and will also develop a model of successful social entrepreneur. Lastly we also aim to identify the areas where social entrepreneurs are generally found willing to invest. For the same our paper divided into VII sections.

**Section I:** highlights meaning of social entrepreneurs along with some important definitions.

**Section II:** deals with laying down of conceptual background about the same.

**Section III:** it is the review of literature.

**Section IV:** focuses on developing a model for social entrepreneurs and also highlights their contribution in social development of the society and thereby the country.

**Section V:** cities various examples of successful entrepreneur.

**Section VI:** conclusions and recommendations.

**Section VII:** Bibliography

**Keywords:** social entrepreneurship, social development, innovative solutions, social transformation.

## 1. SECTION I: MEANING

Social entrepreneurs are individuals who have innovative solutions to the societal problems. They are ambitious and persistent enough to work towards the betterment of the society.

Social enterprise is creating innovative solutions to the immediate social problems and mobilizes the idea,

capabilities, resources and social arrangements required for sustainable social transformations (Advord, Brown & Letts 2004).

Social enterprise is defined as people with new ideas to address major problems that are relentless in the pursuit of their visions, people who simply will not take no for an answer, who will not give up until they have spread their ideas as far as they possibly can (Bornstein 2004)

Social entrepreneurs, who play the role of change agents in the social sector, may be defined by (Dees 1998):

- Adopting a mission to create & sustain social value (not just private value).
- Recognizing and relentlessly pursuing new opportunities to serve that mission.
- Engaging in a process of continuous innovative, adoption and learning.
- Acting boldly without being limited by resources currently in hand &
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcome created.

“Social entrepreneurship encompasses the activities & processes undertaken to discover, define and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner” (Zahra, Gedajovic & *et al.* 2009).

So from the definitions and explanations it is quite clear how important social entrepreneurs are. They act as catalyst in building of nation in the real sense.

## 2. SECTION II: CONCEPTUAL FRAMEWORK

The concept of social entrepreneurship is somewhere related to CSR. CSR or corporate social responsibility can be defined as socially responsible behavior towards the society. Incorporating CSR in the working of the business will not only help in maximizing profits but also other objectives like betterment of the society, improving social welfare etc.

For example: BindeshwarPathak the founder of Sulabh toilet movement .he was born in brought up in conservative

Brahmin family, where they strictly believed in untouchability. In childhood he once touched a member of toilet cleaner family which is considered as untouchable in the society. He was then forced to undergo the process of shudhikaran which involved drinking of cow urine and swilling of cow dung. But this incidence changed his life and had had a severe impact on him. After completing his education he dedicated himself to the world of toilet cleaners. He worked on designing of toilets, designing sewer system which will convert waste into fertilizers. He has received lot of acclams for the same from UNICEF and WHO.

An entrepreneur becomes social entrepreneurs when he has the honest intention to serve the society with a strategy which is also profitable enough to run the social enterprise efficiently. Social entrepreneurs are those people who don't agree with current status quo and wants to bring some valuable change in the society for the benefit of public at large not a particular section of the society.

The background of creation of social entrepreneurs is based on true intentions to serve the society. But presence of true intention is not sufficient condition to accomplish the desired objectives. True intention backed by a very strong will is the necessity. According to Ghoshal and Bruch "the most powerful force of human behaviour is closely related to propensity to act". A person who has good intention to work for the society but lacks the motivation and will power to face adverse situations and obstacles that may come in the formation & running of a social enterprise cannot be a social entrepreneur but can we say that a person with good intentions and strong willpower will become a good social entrepreneur, not necessarily always. Without required resources i.e. human, material or capital, formation of social entrepreneurs is not possible. A social entrepreneurs needs support in two different spheres, firstly at individual level and then at organizational level. To create a social venture feasibility of social venture is to be judges in the context of amount start-up cost, expected profit, operating cost and legal requirements, if any. The establishment of any enterprise requires a lot of resources to make it a profitable concern.

### 3. SECTION III: REVIEW OF LITERATURE.

Citizen of the society can invest in firms who give portion of their profits to the social causes of the society. Citizens as well as organizations derive social satisfaction from the fact that they are doing something for the society. Paper says that social enterprises carries strategic CSR which is beyond the motive of just profit maximization and they still gain from the maximized market value (Baron 2005)

Seth and Kumar talk about the leading role of social entrepreneurs in the society. They highlight the trends of social entrepreneurs in the Indian business in their paper. They have also talked about initiatives taken by social entrepreneurs

and also discuss the challenges faced by them which include lack of proper funds, lack of effective regulations etc.

Social entrepreneur has been defined as a change agent in the society. They adopt a mission towards which they are continuously and religiously working with the sole objective of benefitting the society. Author founds out that they recognize the opportunities prevalent and continuously work towards that mission. They are constantly involved in innovation and create in a new model thereby bringing social change (Davis 2002).

Meaning of social entrepreneurship should be understood along with their traits and skills like constant need to do something for the benefit of the society. They also discuss the process of creation of Social Entrepreneurs along with studying of Process and Impact of social entrepreneur on society. Author also suggests conducting of SWOT analysis for the success of entrepreneurship (Youssry 2007)

### 4. SECTION IV: SOCIAL ENTREPRENEUR AND SOCIAL DEVELOPMENT

Social entrepreneurs are those individuals or groups of people or organisations who provide time finds solutions to different societal problems. Every economy has some long standing issues that remain unresolved by the institutional and government sector. Social entrepreneurs can play an effective role in bringing the positive change in the economy. The area of social activities ranges education to healthcare, renewable energy, waste management, e-learning and e-business, housing and slum development, water and sanitation, violence against women, other issues related to women, children and the elderly etc. The vision of all Social enterprises is to bring underprivileged section of society at par with other section and solve different problems of society and provide them sustainable and dignified living to them.

#### *Range of Social Enterprises:*

**Affordable Healthcare** – Health care is one of the basic necessities but the most important thing is affordable healthcare especially in a country like India where poverty is prevalent at larger scale. About 60 per cent of the population in India lives in villages and small towns on the other hand 70 per cent of medium-to-large hospitals are located in metros and large towns. This disparity creates a huge crisis of scarcity of healthcare services in rural areas. Thus availability and affordability of healthcare services remain a key concern.

**Affordable housing** – Social enterprises can play an effective role in providing affordable housing services to people. Social entrepreneurs can create economic value by minimizing construction cost and completion time.

**Water and Sanitation** - Social entrepreneurs have shown their presence in rain-water harvesting, community water

treatment, point-of-use filtration, and small-scale water networks. There have been successful models of sanitation management, pay-and-use community toilets and „ecosan“ toilets where toilet waste is used to create biofuel.

**Agriculture** – Agriculture provides livelihood to large number of people of the Indian society. And if somebody works in that sector will not only help in creating economic value but will also provide social benefits to the society leading to removal of inefficiencies from the society. Social entrepreneurs providing support in the value chain activities related to pre harvest and post- harvest activities will benefit them.

**Energy**- Energy is one of the important sectors of the society and it is well known fact that rural India still lacks the access to the electricity. Social entrepreneurs have shown keen interest in providing electricity to such areas. Providing roof top solar lighting, solar cookers are few of the initiatives taken by social entrepreneurs. This will not only help in solving their problems of lack of electricity but will also help in improving standard of living.

**Education**- there is a famous proverb “Pen is mightier than a sword”. We all understand the importance of education and it is also known that rural population still does not have access to education. Social entrepreneurs aim to bring the change from the grass root level. They are investing in education sector by bringing adequate infrastructure and coming up with initiatives that will motivate them to understand the importance of education. Developing of vocational skills, e-learning are few of the initiatives.

Therefore we will not be wrong in saying that social entrepreneurs are the “change agents”. They not only improve the standard of the people and thereby the society but also provide opportunities, social capital which were never made available to people etc. An in this direction is - a Brazilian social entrepreneur named Veronica Khosa has created a model which included providing care to AIDS patients. This model was a huge success. It was so effective that later on it was converted into a governmental health policy.

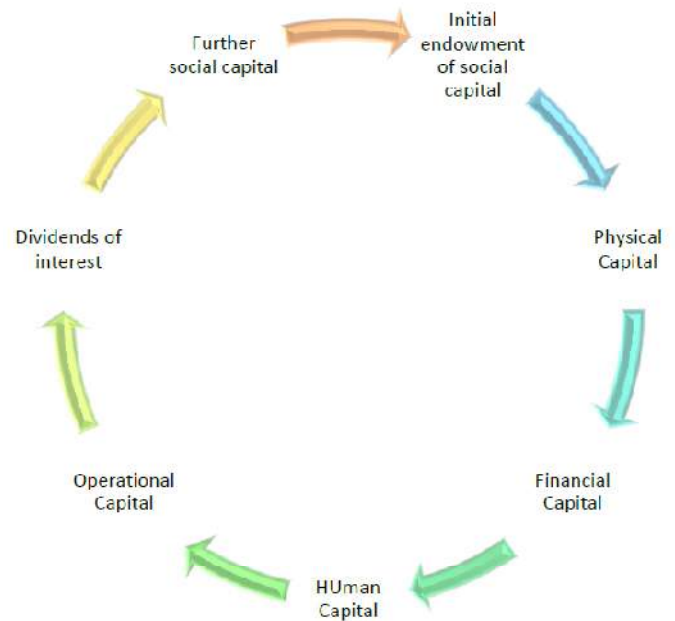
## 5. CHALLENGES FOR SOCIAL ENTERPRISE AND SOCIAL ENTREPRENEURS

Perhaps the most obvious challenge to social enterprise stems from the fact that the individuals that seek to begin these enterprises possess a nonprofit management background rather than a business background. Thus, many social enterprises can run into problems as soon as the start-up phase if they lack the necessary business fundamentals. This section is dedicated to highlighting the common challenges social enterprises face and general recommendations on how to best address these.

### ***Problem 1: Introducing a For-Profit Entity in a Nonprofit Atmosphere***

One of the major challenges faced by entrepreneurs is developing an attitude of non-profits.

Developing a model which is based on bringing a social change where earning profits out of it is secondly is a challenge in itself.



Source: *Vicious Circle of Social Entrepreneurship* (Leadbeater, 1997, 68)

### ***Problem 2: Behaving Like a Business***

Entrepreneurs who are determined enough to bring the social change and especially those who are new in the field need training and guidance. It is not only time consuming but also needs funds. Providing comprehensive training and technical assistance is important yet challenging.

### ***Problem 3: The Absence of Business Skills and Knowledge***

Social entrepreneurs normally have a nonprofit background rather than a business background. There is possibility that social entrepreneurs lack business skills and adequate amount of market knowledge which is required to run an organization efficiently. Fortunately, it is not at all necessary for nonprofit managers and future social entrepreneurs to attain a business degree to accomplish their social enterprise goals.

### ***Problem 4: Maintaining Competitiveness***

Survival of the fittest is rule of any market and same is applied to social enterprises. To be in the market it is necessary to offer highest quality goods and services at reasonable price and at the same time catering to wide audience. The main focus of social enterprises is to find the solution of a problem therefore; they give more priority to their clients, their satisfaction. While a handful social enterprises bring on

private consultants to evaluate their operations, this option is typically not financially feasible.

## 6. SECTION V: SUCCESSFUL SOCIAL ENTREPRENEURS

When it comes to social entrepreneurship, India is often referred to as the epicenter of impact investing, and the world's laboratory for testing new ideas. Indian is well known for huge young, talented and educated minds that have the desire to serve their nation. With a billion dollars waiting to be invested in social enterprises and success stories like Husk Power Systems, RangSutra, dLight, Waterlife and Vaatsalya Healthcare regularly making the rounds in global social entrepreneurship circles, the country is clearly a very important market. Social enterprise in countries like the UK, Italy, Korea and Singapore are driven by government and large private enterprises.

### • ANITA AHUJA

She is the co-founder of conserve India handbags. She grew up in Bhopal and was moved by the life of Rag pickers. She started conserve India operation. She aimed at converting plastic waste into material for handbags. Her designs, products were huge success and have received lot of appraisals for the same.

### • SOLANI MALHOTRA

Solani Malhotra is founder of RURAL BPO DESI CREW. She studied the challenges involved in working with rural society. She worked towards understanding various working models possible in rural society and she opted for bringing digitalization there. She opened Rural BPO Desi Crew which opened up new opportunities for the youth of rural society and especially girls. Made them employed and helped the society.

### • VINEET RAI

Vineet Rai is the founder and the CEO of India's first social venture firm Aavishkaar Venture Management Service and co-founder and chairman of Intellectap, a provider of business solutions for social enterprises. Rai was a visionary he started Aavishkaar in 2001 with a meagre capital of Rs 1 lakh, there wasn't any precedent to investing in social enterprises. His vision and wisdom has established numerous social enterprises by investing in them which includes rangSutra an art and craft producer, Vaatsalya Healthcare an affordable hospital chain based in semi-urban and rural areas and Water life affordable water solutions for the poor.

Through Intellectap, Rai has played an important role in organizing Sankalp-Unconvention Summit, also known as Asia's largest conference on social entrepreneurship. He also helped in the kick start of India Impact Investor Council (IIIC) that is seeking to lay down the standards for impact investing in India.

### • DR. H SUDARSHAN

Dr. H Sudarshan the winner of Social Entrepreneur of the Year awards India-2014 is founder of Karuna Trust. The objective of Karuna Trust is to transform dysfunctional government primary healthcare centers (PHCs) into professional hubs.

He has invented concept of Public Private Partnership (PPP) a model that brings the government, the village community and the social venture collectively to deliver high quality primary healthcare services to rural India. The cost for the development of infrastructural facilities is done by government. Government also pays for the efficient running of the PHCs.

In its credit, Karuna Trust has revitalized 67 PHCs across 7 states, half of which reach remote corners of North-East India. Karuna Trust ensures high quality standard and therefore has received ISO certification, hires trained medical and administrative teams, follows policy of zero-absenteeism of doctors, focuses on regular Upgradation of infrastructure, proper arrangement of medicine, has established mobile medical units, emphasizes on efficient supply chain of essential medicines and has also established citizens help desk. All these facilities have raised the bar for primary healthcare service in India of PHCs run by Karuna Trust.

Till now Karuna Trust has served more than one million patients and has shown reported some fruitful outcomes that are amongst the highest in the country.

### • CHETNA SINHA

Chetna Sinha is the founder of Woman's bank, Mann Deshi Mahila Sahkari. Deshi Mahila Sahkari is a micro finance institution that makes loans to women in rural areas. Till date, the bank has served more than 27,000 women and enabled more than 40,000 families to buy homes.

Chetna Gala Sinha has played different roles in his life like an economist, farmer and activist. He was born in Mumbai. She was an active member of Jayprakash Narayan student movement in 1970 through which she worked intensively for the development of rural and marginalized communities. She got married to a farmer and therefore decided to pursue a career in farming. While working as farmer she realized the challenges faced by rural women and lack of their access to financial services and the main causes behind the pity conditions of farmers in the rural area and problem of debt trap.

She designed and developed the idea of the "Mann Deshi Mahila Bank". Chetna was awarded the 2005 Janakidevi Bajaj Puruskar for rural entrepreneurs and was selected for the first class of Yale University's World Fellows Program in 2002-03.

- **DR. ASHWIN NAIK**

Dr. Ashwinnaik founded Vaatsalya in 2004 in Karnataka, Andhra Pradesh. Vaatsalya is a network of hospitals to provide primary and secondary care in rural and semi-urban India at reasonable price. Vaatsalya is recognized as largest hospital chains in India across Tier II and III towns. Vaatsalya is well known for high quality services, recruiting, training and retaining healthcare personnel (doctors, nurses, technicians etc.) and renting buildings.

The cost of operating is quite low and the hospitals are efficient enough to achieve break even in 18-24 months. The chain of Vaatsalya hospitals has grown to 17 hospitals across Andhra Pradesh and Karnataka from 4 hospitals during 2009 and some opening soon in Maharashtra and Tamil Nadu. On an average Vaatsalya serves an average of 280,000 patients per annum which is expected to increase as and when new hospitals are opened.

Vaatsalya has been honoured with Inaugural Porter Prize in India for Value Based Healthcare in 2013, Frost and Sullivan Award for Healthcare Excellence in 2010, Sankalp Award for Healthcare Inclusion in 2009, BiD challenge India in 2007 and LRAMP award in the enterprise category in 2008.

- **MR. SOURABH SHARMA**

Milaap was founded in 2010 by Mr. Sourabh Sharma who is a Computer Science honours graduate from National University of Singapore (NUS) in collaboration with Mr. Anoj Viswanathan a Bachelor's in Engineering and Minors in Economics and Technology Management from NUS, and Mr. Mayukh Choudhury an Electrical Engineer from IIT Madras and a PGDM from IIM Lucknow. Milaap Karnataka based organization. Milaap is an online fund raising platform that helps people to raise fund worldwide by powering the next generation of livelihood-focused credit programs by attracting a new class of "crowd sourced, low-cost, risk tolerant" capital. Milaap disburse the loans from online lenders to the borrowers. The loans are given out to borrowers at interest rates that are 50 per cent lower than existing interest rates available to microcredit borrowers. The basic objective behind loans is to give people access to basic needs like clean drinking water, sanitation and renewable energy, as well as skills development via vocational training.

- **MS. SHAHEEN MISTRI**

Ms. Shaheen Mistria sociology graduate established the Akanksha Foundation. Ms. Mistri's always had interest in children's education that led her to volunteer as a teacher in various organizations across Mumbai, such as the „Happy Home“ and „School for the Blind“ and the „E.A.R. school for the Hearing Impaired“.

Akanksha foundation has extended its reach and has established offices in the US, the UK and Canada.

The Akanksha Foundation is a non-profit organization and was formed with the vision to equip all students with the education, skills and character they need to lead empowered lives. Akanksha works primarily in the field of education. The basic idea behind the NPO is to address the issue of non-formal education through the Akanksha centre and also formal education by initiating school reform through „The School Project“.

In its credit Akankshahas reached out to over 4,600 children through two models: the after-school or Centre model and the „School Project“ and has established 15 centres and 15 schools in Mumbai and Pune.

Akanksha foundation has been awarded with Ashoka Fellow (2001), Global Leader for Tomorrow at the World Economic Forum (2002) and Asia Society 21 Leader (2006).

- **MS. SHITAL SHAH**

Ms. Shital Shah started ThinkChange India (TC-I), the one-stop website for keeping up with social entrepreneurship and social innovation in India. Through this effort, she started developing networks and relationships with social enterprises, making TC-I a demanded media partner in the country. The success of website can be sensed with the fact that website has achieved 150,000 page-views, and an average more than 4,000 unique hits a week.

- **MS. SALONI MALHOTRA**

Ms. Saloni Malhotra, the founder of Desi Crew, a for-profit organization employing over 300 people that is focused on creating knowledge-based livelihood opportunities in small towns and rural areas. Desi Crew originally started in Tamil Nadu and now has established its presence in Karnataka and Haryana.

In 2005 Desi Crew was started as test project sponsored by Mr. Ashok Jhunjhunwala's TeNet group from IIT-Madras. DesiCrew was incubated by the Rural Technology Business Incubator (RTBI) of IIT-Madras. Its business model is based on setting up delivery centres in rural India and servicing the clients across different countries. DesiCrew provides services like Data Management, Digital Supply Chain and Customer Experience Management.

She was also nominated as Asia's Best Youngest Entrepreneurs, MTV Youth Icon 2008, E&Y Entrepreneur of the Year 2008 and also facilitated in the presence of the President of India by the CII. She has received FICCI's Best Women Social Entrepreneur Award (2009) and TIE StreeShakthi Award (2011).

- **MS. SHEETAL WALSH**

Shanti Life, a unique microfinance organize was formed with the objective to serve the poor in Gujarat villages and slums to

create sustainable businesses. Ms. Walsh has experience of 15 years of working in technology, venture capital and social entrepreneurship. Ms. Walsh has a

Masters in International Relations (Economics) at the London School of Economics and a BA (Honours) in International Politics at the University of Alberta, Canada.

Shanti life has offices in Gujarat as well as in UK, USA and Canada. The basic objective behind the formation of Shanti Life is to promote sustainable living and non-dependence on the MFI loan cycle. Their honest intention was to make people to graduate out of microfinance and become bankable. Organization follows holistic approach by aiming and following proper planning, consultation, training, mentoring, larger loans and go-to market opportunities. The amount of loan is generally Rs. 5,000 plus and rate on interest ranges from 7% to 12%.

Shanti life is involved in various businesses like tailoring, sewing, embroidery, selling cooking oil, vegetable or fruit carts, hand cart purchase, small grocery store, milk and paper vending business, cycle repair shop, repairing shop, rickshaw driving and catering.

#### • MS. ANU SRIDHARAN

Ms. AnuSridharan, Mr. Quijano Flores, Mr. Nishesh Mehta, Ms. PronitaSaxena and Mr. Devin Miller founded NextDrop in 2010.

The people of Hubli were facing water shortage and get water only every three to five days, for about four hours a day. The organization NextDrop started in Hubli-Dharwad used text messages as a launchpad for what it calls a "water smart grid lite" data system, which helps bring water more efficiently to consumers.

In collaboration of local government NextDrop organization devised a mobile phone system which connects valvemmen to engineers and customers. The valvemmen text the customers, letting them know exactly when water will be released. NextDrop charges Rs. 10 per month for their service. NextDrop is present in Karnataka and caters to the state only at present.

#### 7. SECTION VI: CONCLUSIONS AND RECOMMENDATIONS:

Social enterprises have played an integral role in development of local economies worldwide. These enterprises mainly employ creative and innovative methods to help the poor and needy people and solve their problems. Social enterprises offer a mean to serve society. It is evident that social enterprises provides substantial benefits to society but social entrepreneurs needs support that must be available to them to survive in the long-run. The resources below serve as valuable

starting points for anyone interested in beginning a social enterprise or becoming involved in the growing worldwide movement of social entrepreneurship.

Social entrepreneurs have an important role to play in the development of society. They are key to the social development of the society. They play an important role to play for the development of society in real sense. Though they have to face lot of challenges for the same but their constant urge to do something for the society is there key to success.

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