



## Social entrepreneurship: An emerging trend in business

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### Abstract

Social entrepreneurship is an emerging trend in business. Social entrepreneurship combines innovation, creativity and opportunity in order to address some crucial and critical social and environmental challenges. It is an altruistic form of entrepreneurship that aims at providing certain benefits to the society. The concept of social entrepreneurship may be applied to number of organizations with different sizes, beliefs, goals and targets. Gaining a better understanding of how an issue relates to a society helps social entrepreneurs in developing innovative solutions and mobilizing all the available resources to affect the society at large. Social entrepreneurship focuses on maximizing gains in social satisfaction and empowering deprived communities and individuals. This paper is an attempt to understand the concept of Social entrepreneurship and highlight its role and importance in convalescing the social and business scenario in India.

**Keywords:** social entrepreneurship, social enterprises, emerging trend, role, importance

### 1. Introduction

Social entrepreneurship is the use of techniques by start up companies and other budding entrepreneurs for the purpose of identifying, developing, funding and implementing solutions for various social, cultural, environmental and other societal issues. It attempts to accomplish broader social, cultural, and environmental goals associated with the voluntary sectors in areas like poverty alleviation, health care and community development. Social entrepreneurship is the practice of combining innovation, resourcefulness and opportunity in order to address some crucial and critical social and environmental challenges. Social entrepreneurship is an altruistic form of entrepreneurship that aims at providing certain benefits to the society. Social entrepreneurs identify immediate social problems and then try to analyse them in the broader context. Gaining a better understanding of how an issue relates to a society helps social entrepreneurs in developing innovative solutions and mobilizing all the available resources to affect the society at large. Social entrepreneurship focuses on maximizing gains in social satisfaction and empowering deprived communities and individuals. Examples of social entrepreneurship include microfinance institutions, educational programs, providing banking services in underserved areas and helping children orphaned by epidemic disease. Social entrepreneurs act as the change agents; seizing opportunities others overlook in order to improve systems, invent novel approaches, and create sustainable solutions to change society for the better. They want to make the world a cleaner, more-equitable, healthier, and better place to live in.

### 2. Literature Review

J. Gregory Dees (1998) states that social entrepreneur "combines the passion of a social mission with an image of business-like discipline, innovation, and determination

commonly associated with, for instance, the high-tech pioneers of Silicon Valley". He also believes that the idea of "social entrepreneurship" has struck a responsive cord and Social entrepreneurs look for the most effective methods of serving their social missions. Boschee (2001) [2] Social entrepreneurs are not-for-profit executives who pay increasing attention to market forces without losing sight of their underlying missions, to somehow balance moral imperatives and the profit motives – and that balancing act is the heart and soul of the movement. Bornstein (2004) [4] Social entrepreneurs are people with new ideas to address major problems who 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. The term social entrepreneur is ill-defined (Barendsen and Gardner, 2004); (Weerawardena and Mort, 2006), it is fragmented, and it has no coherent theoretical framework. Social entrepreneurship has come to be synonymous with the individual visionary - the risk taker who goes against the tide to start a new organization to create dramatic social change. The problem with focusing so much attention on the individual entrepreneur is that it neglects to recognize and support thousands of other individuals, groups, and organizations that are crafting solutions to troubles around the globe. (Paul C. Light 2006) The interest in social entrepreneurs stems from their role in addressing critical social problems and the dedication they show in improving the well-being of society (Zahra *et al.*, 2008) [6]. A social entrepreneur is someone who takes reasonable risk on behalf of the people their organization serves (Brinckerhoff 2009). The Social Enterprise Knowledge Network (Harvard Business School) writes "a social enterprise is any kind of enterprise and undertaking, encompassed by non-profit organization, for-profit companies or public sector businesses engaged in activities of significant social value or in the production of

goods and services with an embedded social purpose (Brouard & Larivet, 2010)". Social entrepreneurs design their revenue-generating strategies to serve their mission directly and to deliver social value to those deserving (Abu-Saifan, 2012) <sup>[7]</sup>. Lyons, T. S. (2013) <sup>[8]</sup>, elaborated on the role of social entrepreneurship by stating that social entrepreneurship is a unique, totally mission-driven form of sustainable business. Sandeep Goyal, Bruno S. Sergi, Amit Kapoor, (2017) <sup>[9]</sup>, in their study, recommend that few strategic choices for the social enterprises - focus on segmentation; field-based experimentation, innovation and prototyping; local skill-building and engagement; hybrid organizational setup; systemic behaviour change orientation; customized value offerings; last-mile delivery and support; and collaboration with non-traditional stakeholders.

### 3. Objective of the study

To understand the concept and meaning of social entrepreneurship

To study the characteristics of Social Entrepreneurs

To highlight the role and importance of social entrepreneurs

### 4. Research Methodology

The study is mainly based on the secondary data which is collected from various websites, journals, and newspaper articles. The study is descriptive & conceptual in nature.

### 5. Concept of Social Entrepreneurship

The terms social entrepreneur and social entrepreneurship were for the first time used in the literature in 1953 by H. Bowen in his book "Social Responsibilities of the Businessman". This term came into extensive usage in the 1980s and 1990s, as promoted by Bill Drayton, Charles Leadbeater, and others.

There has been no consensus on the definition of social entrepreneurship, because there are so many different sectors, disciplines and types of organizations which are related to social entrepreneurship, ranging from for-profit businesses to models combining charitable work with business activities, to non-profit charities, voluntary organizations and non-governmental organizations. Philanthropists, social activists, environmentalists, and other socially-oriented practitioners are often referred to as social entrepreneurs.

A social entrepreneur is defined as a person who pursues an innovative idea with the potential of solving a community problem. He/she is willing to take the risk and put in persistent efforts in creating positive changes in society through their initiatives. The main aim of a social entrepreneur is not to earn a profit, but to execute extensive improvements in society.

Social entrepreneurs focus on transforming systems and practices that are the core causes of poverty, marginalization, and environmental deterioration. In their attempt to remove these problems, they may set up for-profit or not-for-profit organizations, with the primary aim of creating sustainable systems change, in both the cases.

Social entrepreneurs are change agents. In collaboration with institutions, networks, and communities, social entrepreneurs create solutions for the society's problems that are efficient, sustainable, transparent, and have assessable impact.

### 5.1 Characteristics of social entrepreneurs

Social entrepreneurs exhibit certain characteristics and qualities that make them unique and successful entrepreneurs. These are described below:

**Highly Innovative:** Social Entrepreneurs are characterized by high innovativeness. Creativity and Out-of-the-box kind of thinking is natural for them. They are always on a lookout for new ways of doing things and incorporate and adapt to changing environment easily.

**Persistent:** Social entrepreneurs never give up and keep trying until it works. They are unstoppable and never let any obstacles discourage them. With their can-do attitude they keep moving forward, no matter what the circumstances are.

**Work for a cause:** Social entrepreneurs are driven, motivated and inspired by a cause. They are fully committed to it and totally believe in what they are doing. They passionately work towards fulfilling the intended cause.

**Have infinite energy:** They are always full of energy and enthusiasm. It is this that drives them towards achievement of their goals. Even in the face of adversity, they keep moving forward with the same level of energy as before. Success or failure, they remain enthusiastic throughout.

**Extremely Collaborative:** The social entrepreneurs are masters and experts in seeking out partnerships that would support the work they plan to do, help spread the work, maintain and sustain it. They easily form alliances that benefit them even in the long run.

**Optimistic vision about future:** No matter how intimidating and discouraging the social problem is, social entrepreneurs always see some possibility and the potential in it. They are always hopeful; and positive about the future even in odd circumstances.

### 6. Role and Importance of social entrepreneurs

Social entrepreneurs play a significant role in society. This is elaborated through the following points:

- 1. Change agents in the social sector:** Social entrepreneurs are by nature reformers and revolutionaries, as described by Schumpeter, but with a social mission. They make essential changes in the way things are done in the social aspect. They carry bold visions. They are inclined towards finding and eliminating the underlying causes of problems, removing the problem from its roots. Social entrepreneurs create universal changes and sustainable improvements. Their actions have the potential to encourage global improvements in different spheres, be it education, health care, economic development, environment, just about anything.
- 2. Social missionaries:** For a social entrepreneur, the social mission is primary. Making a profit, creating wealth, or catering to the needs of customers is only a part of their endeavours, but these are means to a social end, not the end in itself. Neither profit, nor customer satisfaction is the test of value creation, rather social impact is the true

measure of value creation. Social entrepreneurs look for a long-term social return on investment. They create long lasting improvements, having a sustainable impact on the society.

3. **Pursuers of new opportunities:** Social entrepreneurs see opportunity in problems too. They always work for surmounting the problems rather than being defeated and discouraged by them. They are not simply driven by the perception of a social need or by their compassion, rather they have a vision of how to achieve improvement and they are determined to make their vision work. They show continued persistence along with the willingness to adjust as new opportunities are tapped and changes incorporated.
4. **Engage in process of continuous innovation, adaptation, and learning:** Entrepreneurs are innovative and make path breaking discoveries. They develop new methods, models, technologies and initiate new approaches. They apply an existing idea in a novel way with their creative abilities rather than always inventing something new. This willingness to innovate is part of the modus operandi of entrepreneurs and is an incessant process of exploring, learning, and recovering.
5. **Act boldly without being limited by resources they currently possess:** Social entrepreneurs do not let their own limited resources keep them from pursuing their visions. They are skilled at doing more with less and at attracting resources from others. They use scarce resources economically, and they leverage their limited resources by drawing in partners and collaborating with others. They are not bound by sector norms or traditions.
6. **Exhibit a keen sense of responsibility towards the area served:** Social entrepreneurs seek a sound understanding of the areas they are serving. They make sure that they correctly assess the needs and values of the people they intend to serve and the communities in which they operate. They understand the expectations and values of all the stakeholders concerned and take necessary corrective steps if they fall short in living to their expectations.
7. **Employment Generation:** Every social entrepreneur contributes towards society. One of the most important ways of doing so is creation of jobs. Social entrepreneurship becomes a source of livelihood for several families. A social entrepreneur touches the lives of many both directly and indirectly.
8. **Proper Utilisation of Latent resources:** Social entrepreneurs can be found in each and every part of the country. They help in tapping and making productive use of local materials, talent and other related resources.

### 6.1 Significance of Social Enterprises:

Social enterprises tend to operate with a purpose of creating value for the society and also for generating income. As a thumb rule, the solutions they offer are supposed to be innovative, unique, people and environment friendly; Cost effectiveness is also a huge consideration. All of these are challenges to the sustainability of social enterprises, but the ones that are able to scale these are the ones that are able to create a huge impact! They are the enterprises that are

advantageous to the society, people and the environment.

Since social enterprises typically deal with people who live at the bottom of the pyramid, therefore they are the ones who are benefited to benefit hugely from the former. In other words social enterprises are beneficial to the poor, generally by providing them with a means of livelihood.

Since social enterprises do not work typically the way corporate setups or private firms work, they offer flexible working environment which is as per the liking of many people groups. This employment may be both short term and long term in nature or it may specially be targeted to a specific workgroup or a geographic community or to people with disabilities.

### Example

Self Employed Women's Association (SEWA), offers various kinds of assistance to self employed poor women.

### Following are the advantages of a social enterprise

Social entrepreneurs find it easier to raise capital. There are huge incentives and schemes from the government for the same. Since the investment industry here is ethical, it is easier to raise capital at below market rates.

1. Marketing and promotion for these organisations is also very easy. Since a social problem is being tackled with a solution, it is easier to attract attention of the people and media. The degree of publicity often depends on the degree of uniqueness of the solution.
2. It is easier to garner support from likeminded individuals since there is a social side to the enterprise. It is also easier to get people on board at lower salaries than compared to other industry.
3. Services in whichever section they may be offered are customized better to suit the needs of the individual or the problem. This is also designed in harmony with all other systems like the environment, society or the people.
4. Cost effectiveness is another advantage of a social enterprise. The solutions offered by these organisations in the form of either products or services are reasonable than compared to the same service provided by a profit making organisation. No wonder basic amenities like healthcare, education etc. have become very affordable to people world over with the help of these institutions.

### Example

Micro finance today caters not to the poor but to the poorest. Although lot of organisations have also made corporate social responsibility an integral part of their business functioning but not many actually mean to create a difference. It is just a means to achieve more profits; there is an increasing need to watch out for the same and help and advocate those who really aim to add value.

### 6.2 Innovation and Entrepreneur in Social Context:

Innovation and social entrepreneurship go hand in hand. They both are imperative engines of growth of any country. Social entrepreneurship means innovating to find new and effectual ways of serving the needs of our ever changing society. It refers to non profit organisations like foundations and trusts which provide education, healthcare and other public services

to masses specifically the downtrodden and underprivileged. These organisations get funds from donors and try to find new and better ways of serving the social needs. Entrepreneur in social sense is the one who encourages self help rather than a helper or saviour. He seeks social returns on investment and is focused on the impact rather than on the need.

The focal point of both entrepreneurship and innovation is on creating new products, services, technologies, and businesses. They contribute in economic development and generating wealth for investors and also help in developing businesses so that they address the problems and environmental issues of the society.

Entrepreneurial innovations help in solving the problems of the country. It is intriguing to consider Schumpeter's model that talks about the behaviour of entrepreneurship and innovation in consequence to the growth of the economy. Innovation brings improvement in the existing product, thereby giving a higher position and status to an entrepreneur that in turn motivates and boosts the confidence and morale of the entrepreneurs to make new innovations in varied sectors. The entire process leads to economic growth.

The better performance of the firms will encourage and stimulate the entrepreneur to innovate and increase the production of the firm which will have a positive impact on the employment and the growth of the economy. Their new ideas, innovation and creativity promote success, helps in transforming their entrepreneurial activity into well established organizations and most importantly in solving the social problems of the country. Innovation process is a factor of profit enhancing and may be considered as growth mechanism.

## 7. Conclusion

Social entrepreneurship is a way of combining innovation, resourcefulness and opportunity in order to address some crucial and critical social and environmental challenges. Social entrepreneurs exhibit certain characteristics and qualities that make them unique and successful entrepreneurs. They are Innovative, persistent, cause- driven, energetic, collaborative and optimistic. Social entrepreneurs play a significant role in society. Social entrepreneurs have the knack of adopting a social mission, recognising and pursuing novel opportunities for serving the concerned mission, engaging in the process of incessant innovation, adaptation and learning, acting audaciously without being restricted by resources in hand, and exhibiting a keen sense of responsibility. Innovation and social entrepreneurship go hand in hand. They both are imperative engines of growth of any country. The better performance of the firms will encourage and stimulate the entrepreneur to innovate and increase the production of the firm which will have a positive impact on the employment and the growth of the economy. Social entrepreneurship opens up the possibility for competition and rivalry, thereby promoting small business industry and market capitalization through these small contributors who instead of just solving the biggest problem of unemployment also derive the economy through real activities and help in exploring innovative ideas that would help the economies to grow and prosper. They must be promoted by Governments and Banks to encourage the culture of innovation, which in turn will

improve intellectual abilities of the people. Hence, it can be concluded that the prime asset of a nation is its social capital which must be constantly harnessed so as to lead to innovation, growth and development.

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