

# Social Entrepreneurship: A Tool for Sustaining in the Competitive Environment

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## Abstract

*India's mantra of economic development is inclusive growth where every citizen is a part of the developmental activity of a nation. A social entrepreneur is the agent with a goal to change the outlook of the society -locality, region, nation & world. They are highly ambitious, searching for an opportunity in finding solutions to tackle major social issues. Social entrepreneurship is providing innovative business ideas to many societal issues which alone cannot be solved by the government or traditional business houses. This paper attempts to discuss the issues & challenges faced by a Social entrepreneur with a goal to sustain in the market. The paper discusses the factors which are interlinked to one another, a conceptual model of vicious cycle of social entrepreneurship which makes the social entrepreneurship to be highly competitive to sustain and meet the challenges of this ever changing competitive environment and contribute for the Socio Economic development of the Nation.*

**Keywords:** Social Entrepreneurship, Corporate Social responsibility, Sustain, Vicious cycle, Socio Economic growth.

## Introduction

The revolution in Information & communication sector has made the geography of national borders to melt and integrate with the global economy. The global economy is built on Innovation, new ideas, new technologies, & new initiatives. Innovation in all the social sectors/activities like health care, public

services, education, E-commerce, banking, etc acts as a catalyst to accelerate the economic growth. The present phase of globalization has many dimensions - economic, social, political, cultural, religious, and environmental (Black, 1998). The objective of globalization is to develop corporations or networks which are serving the nations across the world with their economic activities of production, marketing, capital, consumption, negotiations, products, services etc. The global entrepreneur must be able to understand the diversity of human activity in the world and take advantage of the opportunities available by meeting challenges effectively around the world.

## Entrepreneur status in India

The third world countries have felt it necessary to concentrate on entrepreneurial activities as there is shortage of resources with increase in population, enterprising is considered as an important tool for growth of such economies. Social entrepreneurship has gained substantial importance recently (Austin, Stevenson, & Wei-Skillern, 2006). This is the result of well-known initiatives by Bill & Melinda Gates Foundation (42.3 billion USD Asset Trust Endowment), Ashoka (network of 3,000 social entrepreneurs from 70 countries), and The Schwab Foundation (giving platform to the leading 260 social entrepreneurs on The World Economic Forum). One of the major initiative acknowledged by the world was Mohammed Yunus initiative of Microfinance through SHG's to economically weaker section of the society in Bangladesh .

Social entrepreneurs are the one who with less importance to profit motive operate to find a self-sustaining better business models which are imbued with human values, equality and ethics. In achieving the above objective they come across many challenges which are unique to each individual social entrepreneur.

Statistics on Indian Entrepreneurs and Indian Startups:

An article in Business Today featured India's Hottest Startups. The article lists few aspects of these startups from many different industries, from organic food to technology. The same is presented below:

- ◆ Average age of a founder is 37.
- ◆ Standard deviation in the age of founders is 8.
- ◆ Youngest entrepreneur is 26 and the oldest one is 58.
- ◆ Average amount of funding: Rs. 25 crore. (USD 6.25 million)
- ◆ Range of funding: Rs 0 - Rs 72 crore. (USD 18 million)
- ◆ Average amount of revenues: 25.2 crore (USD 6.25 million).
- ◆ Range of revenues: Rs 0 - Rs 110 crore. (USD 27.5 million)

### Social Entrepreneur

According to Schumpeter, innovation is the central theme of entrepreneurship. Schumpeter proposes the principle that innovation brings a change in all the activities basically, a change in production function, and the entrepreneur is the engine who makes it happen. Social entrepreneurship generally defined as Entrepreneurship activity with an embedded social purpose. Social entrepreneurship is the work of a social entrepreneur. A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to bring in the social change. A business entrepreneur typically measures performance in terms of profit and return, a social entrepreneur assesses success in terms of

the impacts on the society( Dr. Brijesh Sivathanu&Dr. Pravin V.Bhise, 2013).

Earlier stages of entrepreneurship in any nation indicates that the entrepreneurial activity was initiated by government authorities with public participation in all sectors, essentially in social enterprise the government involvement with the public was highly evident. But today when the world is highly demanding with more literate public, the private business houses have entered into the social entrepreneurship field to capitalize on the opportunities available. Social Entrepreneurship in general attracts the attention of practitioners, academicians and policy makers.

The entrepreneurs who are presently operating in the world are needed to adopt a global perspective as the borders of the nation have vanished & they need to cater to the demands of the varied kind of population. The present generation social entrepreneur must develop a skill & knowledge in order to understand the complexities of the human behavior & identify the Socio Economic, cultural factors which influence the consumer buying decisions. A social entrepreneur needs to develop the expertise where it is essential to have an interaction with the community in their own language and duly respecting their financial habits, customs & traditions.

Based on the extensive review of literature, the following points highlights the importance of entrepreneur in Socio Economic growth of the Nation

- a) Ample opportunities and scope for Employment Generation
- b) Pooling in of resources and Capital Formation
- c) Contributing to the Per Capita Income
- d) Improvement in Standard of Living
- e) Country's development and Growth of infrastructure facilities
- f) Reduction in Regional imbalances
- g) Networking with other related industries, stakeholders etc.

This paper is purely a conceptual analysis focusing the entrepreneurial status in India and the concept of social entrepreneurs. The authors in this paper attempts to highlight the issues & challenges faced by a Social entrepreneur with a goal to sustain the competition. The paper also discusses the factors which are interlinked to one another, a conceptual model of vicious cycle of social entrepreneurship is developed which helps us to identify the factors essential for a social entrepreneur to be highly competitive to sustain and meet the challenges of this ever changing competitive environment and contribute for the Socio Economic development of the Nation.

### Review of Literature

Extensive Secondary literature review was carried out in order to understand the concept of Social Entrepreneurship and to extract the relevant information. Secondary Sources of information was collected through Books, Articles, Research papers published in Journal & E-Journals, Websites etc. A few selected articles have been presented in the review of Literature below:

Dr. Hemantkumar P. Bulsara ,Dr. Shailesh Gandhi & Dr. Jyoti Chandwani (2015), The authors in their paper have focused on the study of the growing trends of Social Entrepreneurship in India, the new initiatives taken by various Social Entrepreneurs. The authors have also discussed in brief about different Theories of Social Entrepreneurship and have made an effort to provide information and an exploratory study, related to the support activities of Social Entrepreneurship and Social Entrepreneurial ventures in India which may be beneficial for the future empirical studies on the topic.

Sharma N K and Kushwaha GS (2015), author in their paper aim in general to understand the opportunities for green entrepreneurs in the changing scenario of market shift. The study is based on available literature, various facts and figures, on the issue. The authors also has tried to bring a novel study which can be applied in current market scenario. The study

is conceptual in nature and validates its findings with the help of a proposed model.

Dr. Brijesh Sivathanu & Dr. Pravin V. Bhise (2013), The authors in their paper have discussed about social entrepreneurship, differences between Traditional / Business Entrepreneurship & Social entrepreneurship and have explained the role, importance of social entrepreneurship and qualities of social entrepreneurs. The authors in their paper have highlighted the challenges faced by social entrepreneurs and also surveys the social entrepreneurs in Pune to understand the challenges faced and the authors have suggested the measures to overcome the challenges.

Dr. Sunitha V Ganiger (2013), the author in the paper made an attempt in understanding the concept and problems and challenges faced by women social entrepreneurs and the Role of women social entrepreneurs in national development.

Dr. N. Rajendhiran and C. Silambarasan (2012), the authors objective in their paper is to study about the different challenges of social entrepreneurship and their benefits to the society. The authors have also discussed on different challenges faced by the social entrepreneurs while doing something for the welfare of the society.

Dr. Partap Singh (2012), the author in the paper has made an attempt for analytical, critical and synthetic examination of social entrepreneurship in India.

Dr. Reena Mehta and Jyotika Jain, The authors in their paper have highlighted the importance of social entrepreneurial ideas for improving the business climate in the country. In the paper the author aims to provide a comprehensive literature review of terms social responsibility and social entrepreneurship. The authors have also examined the current social entrepreneurship activities in India and have concluded that social entrepreneurship has a better impact and is more desirable than Corporate Social Responsibility.

### Issues and Challenges of social Entrepreneurship

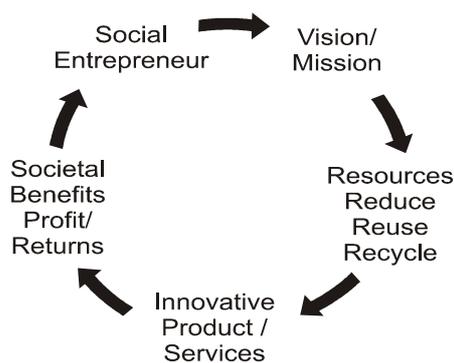
- ◆ **Low Concentration on Entrepreneurial Education:** If a nation is having low economic activity then it indicates lack of entrepreneurial activity. Basically in developing & under developed nations literacy rate is very low due to which there is less activity of entrepreneurship in such countries. In India the educational system is still in the clutches of traditional methods where there is still a lacuna in the timely upgrading of the subject contents. There is no specific entrepreneurship curriculum for all the streams of knowledge like Arts & Science while Commerce & Management fields have focused on the Business entrepreneurship as compared to social entrepreneurship. This creates a gap between the education imparted and the industry requirements in connection to entrepreneurial activity.
- ◆ **Lack of capital:** "Wealth creates wealth" is an appropriate statement which speaks that enterprises need funds to create further capital resources. The social entrepreneurs normally emerge within the society addressing the issues related with their own community /locality hence they normally operate on either own funds or borrowed funds at a very high rate of interest from local money lenders. The Indian banking system is very rigid in its loan policies, due to which there is low lending of funds to social entrepreneurs.
- ◆ **Competition from traditional business:** Social entrepreneurs are the ones who are developing reasonable solutions to many societal problems with their own funding and with great difficulty. After Social entrepreneurs develop a solution, the normal business entrepreneurs are entering the market where they take advantage of economies of scale & make the market highly competitive.
- ◆ **Lack of Skilled Manpower:** A social entrepreneur needs to hire human resources from varied class of the society like professionals, labourers, researchers, volunteers & community representatives and so on. This poses a problem of unifying the objectives of all the members of Human resource to achieve the organizational goals. The social entrepreneur also has to incur cost in training the workforce as there is a big gap in the education imparted and industry requirement.
- ◆ **Obsolete Technology:** Normally any entrepreneurial activity faces the problem of obsolete technology as technical world is highly vibrant. A Social entrepreneur has been affected by this challenge which weakens him/her in facing the competitive environment. The modern technology adopted by bigger industries improves the quality of the product, achieve economies of scale, reduction in cost price of the product which helps them to occupy more market share where as a Social entrepreneur with an old technology is unable to achieve it.
- ◆ **Change in Social and Cultural Environment:** A very vibrant society always witnesses the great changes in the culture, attitude, Human behavior, Human values & transformation in ethical values, social entrepreneur finds it difficult in convincing the people about his/her motto of providing a solution to the issues faced by the people rather earning profit, as people have a mindset and feel that the entrepreneur basically focus on earning profits and treat social entrepreneur equally with a normal business entrepreneur.
- ◆ **Limited Government support:** The contribution of the government in promoting the social entrepreneur is limited as there is no specific / standard criterion's to recognize & develop social entrepreneurs. The government is not having any specially designed incentive schemes which can target and protect the social entrepreneurs' interest. The Indian government is supporting these enterprises indirectly by giving them funds through self-employment schemes, skill

development programmes, Micro finance & by reserving some of the sectors specifically for new entrepreneurs.

### Conceptual Frame Work of Vicious Cycle of Social Entrepreneur

In Social entrepreneurship, the entrepreneur tries to recognize the societal problems and identify the solution for the same through which one can come out with social enterprise or social venture to attend to the societal problems, to achieve the desired social change. Any business entrepreneur basically measures the performance of his company through the profit and returns, in the case of the social entrepreneur the return is basically measured in turns of positive impact and benefit to the society.

Figure: Vicious Cycle of Social Entrepreneur



Source: Authors

The above figure clearly depicts that the Social entrepreneurs need to have clear vision and mission in order to meet the challenges of this highly competitive environment, where individuals desire to achieve and contribute for the societal problems is the key motive of the social entrepreneur. The entrepreneur with his innovative and competitive skills can come out with unique products or services which can cater to the needs and requirements of the individual in the society and also can reduce the impact of negative effects.

Social Entrepreneurship in general attracts the attention of practitioners, academicians and policy makers. The vicious cycle of Social entrepreneurship

is a continual process where the focus on innovating new products/services is to meet the requirements of consumers, keeping in mind the effective utilization of natural resources through Reduce, Reuse and Recycle as a part of Corporate Social Responsibility, which in turn not only maximizes the profit but also contributes to the Socio Economic Development of the country, creating ample employment opportunities, using natural resources, skilled manpower, contributing towards export and foreign exchange earnings and the country's development.

Suggestive measures to overcome the issues and challenges faced by social entrepreneurs

- 1) The higher education institutions & universities should be encouraged to add in their curriculum, the social entrepreneurship concept so that when graduates come out of universities & institutions they can be placed easily in these organizations.
- 2) The government must develop strategies of developing social entrepreneurship in the country in a balanced manner by carefully designing the incentive & subsidy plans.
- 3) Social entrepreneurs must adopt the networking approach with other entrepreneurs around the world, which gives them the inputs regarding consumer & market demands.
- 4) The funding agencies must concentrate in designing the schemes which enhance the financial resources availability; in turn they can contribute to the socio-economic development of the country.
- 5) Social entrepreneurs have to develop their own technology rather depending upon the outside agencies for technical support; with this it can be able to reduce dependency on the technical world & save costs.

### Conclusion

Social entrepreneur is a savior of the modern society, which is both complex & competitive. In the modern economy, the contribution of a social entrepreneur

is highly regarded as he emerges within the society to address the issues of social problem. The model of vicious cycle explains clearly that a social entrepreneur concentrates more on Resources, Reduce, and Recycle & Reuse to develop new product / service which is used by the society in upgrading its standard of living. Social entrepreneurship should be highly competitive with required skill and knowledge and to sustain and meet the challenges of ever changing competitive environment and to contribute for the Socio Economic development of the Nation.

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