

THE POTENTIAL IMPACT AND THE IMPORTANCE OF SOCIAL ENTREPRENEURSHIP

C.A (C.S) Shital Mahavir Sanghavi
C.A, C.S, LLB, M.Com

ABSTRACT:

The concept of social entrepreneurship (SE) is, in practice, recognized as encompassing a wide range of activities: enterprising individuals devoted to making a difference; social purpose business ventures dedicated to adding for-profit motivations to the non-profit sector; new types of philanthropists supporting venture capital-like 'investment' portfolios; and non-profit organizations that are reinventing themselves by drawing on lessons learned from the business world. In the past decade 'social entrepreneurship' has made a popular name for itself on the global scene as a 'new phenomenon' that is reshaping the way we think about social value creation. Some of these practices are uniquely new however many have been around for a long time having finally reached critical mass under a widely endorsed label.

SE has captured well-deserved attention because of its potential for rapidly improving human lives and livelihoods. SE unleashes innovation and mobilizes new resources to deal with important issues that affect many, often underserved, groups of people. Yet at best, SE is only an instrument; its importance is inextricably linked to the terminal objectives it promotes. Understanding the normative content of these objectives is an essential part of understanding what SE is and what it ought to be.

Social entrepreneurship is the use of start up companies and other entrepreneurs to develop, fund and implement solutions to social, cultural, or environmental issues. This concept may be applied to a variety of organizations with different sizes, aims, and beliefs. For-profit entrepreneurs typically measure performance using business metrics like profit, revenues and increases in stock prices, but social entrepreneurs are either non-profits or blend for-profit goals with generating a positive "return to society" and therefore must use different metrics. Social entrepreneurship typically attempts to further broad social, cultural, and environmental goals often associated with the voluntary sector in areas such as poverty alleviation, health care and community development.

At times, profit-making social enterprises may be established to support the social or cultural goals of the organization but not as an end in itself. For example, an organization that aims to provide housing and employment to the homeless may operate a restaurant, both to raise money and to provide employment for the homeless.

In the 2010s, social entrepreneurship is facilitated by the use of the Internet, particularly social networking and social media websites. These websites enable social entrepreneurs to reach a large number of people who are not geographically close yet who share the same goals and encourage them to collaborate online, learn about the issues, disseminate information about the group's events and activities, and raise funds through crowdfunding.

The idea of "social entrepreneurship" has struck a responsive chord. It is a phrase well suited to our times. It 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. The time is certainly ripe for entrepreneurial approaches to social problems. Many governmental and philanthropic efforts have fallen far short of our expectations. Major social sector institutions are often viewed as inefficient, ineffective, and unresponsive. Social entrepreneurs are needed to develop new models for a new century.

In the last decade India has seen a boom of start-ups to solve a range of problems to innovate across industries. Among the stars of these start-ups are e-commerce companies. Technology continues to be the focus, creating a lot of enthusiasm among customers and attracting adequate funding from investors.

During this period, the social sector has largely been sidelined. Although healthcare and energy have attracted investors' interest and gathered funding, many other sectors struggle to get attention, support, and a developed ecosystem for success.

INTRODUCTION

Any definition of social entrepreneurship should reflect the need for a substitute for the market discipline that works for business entrepreneurs. We cannot assume that market discipline will automatically weed out social ventures that are not effectively and efficiently utilizing resources. In brief, this definition can be stated as follows:

Social entrepreneurs play the role of change agents in the social sector, by:

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

This is clearly an "idealized" definition. Social sector leaders will exemplify these characteristics in different ways and to different degrees. The closer a person gets to satisfying all these conditions, the more that person fits the model of a social entrepreneur. Those who are more innovative in their work and who create more significant social improvements will naturally be seen as more entrepreneurial. Each element in this brief definition deserves some further elaboration. Let's consider each one in turn:

Change agents in the social sector: Social entrepreneurs make fundamental changes in the way things are done in the social sector. They attack the underlying causes of problems, rather than simply treating symptoms. They seek to create systemic changes and sustainable improvements. Though they may act locally, their actions have the potential to stimulate global improvements in their chosen arenas, whether that is education, health care, economic development, the environment, the arts, or any other social sector field.

Adopting a mission to create and sustain social value: This is the core of what distinguishes social entrepreneurs from business entrepreneurs even from socially responsible businesses. For a social entrepreneur, the social mission is fundamental. This is a mission of social improvement that cannot be reduced to creating private benefits (financial returns or consumption benefits) for individuals. Making a profit, creating wealth, or serving the desires of customers may be part of the model, but these are means to a social end, not the end in itself. Profit is not the gauge of value creation; nor is customer satisfaction; social impact is the gauge. Social entrepreneurs look for a long-term social return on investment. They think about sustaining the impact.

Recognizing and relentlessly pursuing new opportunities: Where others see problems, entrepreneurs see opportunity. Social entrepreneurs 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. The models they develop and the approaches they take can, and often do, change, as the entrepreneurs learn about what works and what does not work.

Engaging in a process of continuous innovation, adaptation, and learning: Entrepreneurs are innovative. They develop new models, and pioneer new approaches. However, as Schumpeter notes, innovation can take many forms. It does not require inventing something wholly new; it can simply involve applying an existing idea in a new way or to a new situation. Their innovations may appear in how they structure their core programs or in how they assemble the resources and fund their work. Of course, with innovation comes uncertainty and risk of failure. Entrepreneurs tend to have a high tolerance for ambiguity and learn how to manage risks for themselves and others. They treat failure of a project as a learning experience.

Acting boldly without being limited by resources currently in hand: 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 efficiently, and they leverage their limited resources by drawing in partners and collaborating with others. They explore all resource options, from pure philanthropy to the commercial methods of the business sector. They are not bound by sector norms or traditions. They develop resource strategies that are likely to support and reinforce their social missions. They take calculated risks and manage the downside, so as to reduce the harm that will result from failure. They understand the risk tolerances of their stakeholders and use this to spread the risk to those who are better prepared to accept it.

Exhibiting a high sense of accountability to the constituencies served and for the outcomes

created: Social entrepreneurs take steps to assure they are creating value. They make sure they have correctly assessed the needs and values of the people they intend to serve and the communities in which they operate. They seek to provide real social improvements to their beneficiaries and their communities, as well as attractive (social and/or financial) return to their investors. Creating a fit between investor values and community needs is an important part of the challenge. When feasible, social entrepreneurs create market-like feedback mechanisms to reinforce this accountability. They assess their progress in terms of social, financial, and managerial outcomes, not simply in terms of their size, outputs, or processes. They use this information to make course corrections as needed.

Objectives of the research

The main objectives of this study are:

1. To study the **awareness** of the concept of Social Entrepreneurship
2. To study the **Role and Importance** of a Social Enterprise from the people's perspective
3. To study the willingness of a corporate to provide **funding/investment** to a Social Entrepreneur
4. Understanding the mindset of budding entrepreneurs
5. To study the **ease/difficulty** faced by a new social entrepreneur

Research Question

This study will primarily investigate the scope and need of a Social Enterprise.

It is about studying the perceptions of various group involved and understanding their thought process towards this concept. This research also studies the investment patterns of a corporate, the consumer behaviour towards the products of a social enterprise and the various challenges faced by a social entrepreneur.

Techniques and tools to be used

Primary research in this project involved interacting with 76 people to know, understand and comprehend the influence of packaging on their buying behaviour and their individual views on Social Entrepreneurship. For

data Collection quantitative method of survey (such as a Questionnaire)

was used. The survey was done for:

1. The general public
2. People working at various companies or are the owners of the company
3. People who are budding entrepreneurs
4. Social Entrepreneurs

Sample Size

52 People filled the questionnaire which answered questions relating to the general public and consumer perceptions

24 People from the working class filled another questionnaire to help and understand the investment pattern of corporates

2 Social Entrepreneurs and 2 Budding Entrepreneurs were also interviewed.

Limitations of the study

1. The paucity of time and resources was the major constraint.
2. The sample size was limited.
3. The sample was taken from the population residing in Mumbai only. Thus the results are not applicable to the whole of India.
4. Non co-operation of some respondents has also affected the research results.
5. Being an opinion survey, a lot of subjectivity is involved in the study.
6. The possibility of respondents being biased cannot be ruled out.
7. The limited knowledge of the respondents regarding the topic may hamper the true conclusion of the study.

Data Analysis, Interpretation and Presentation

Data Analysis (Working Class)

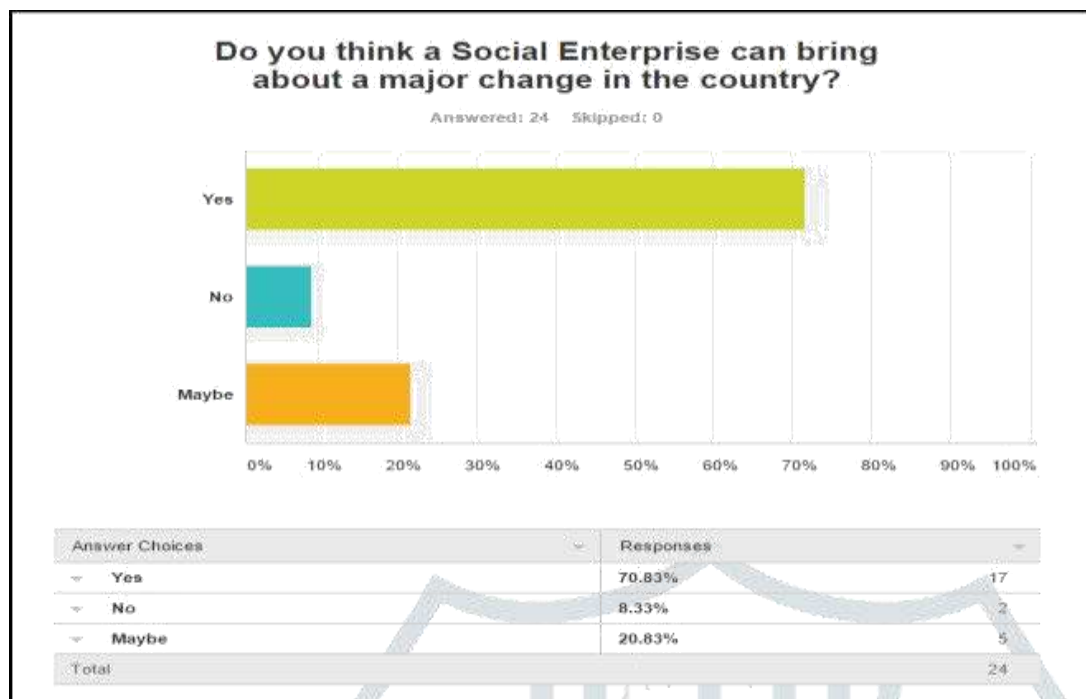
Q1. Do you think a Social Enterprise can bring about a major change in the country?

- Yes
- No
- Maybe

Potential Impact of Social Entrepreneurship as per the Working Class

The scope and importance of a social enterprise cannot be studied from just one perspective, i.e. the general public and the customers. Hence through this research I have tried to gauge what people from different backgrounds think about the concept of – “Social Enterprise”.

While analysing the results of the survey, it was found that 70.83% of the working class respondents felt that a Social Enterprise could be the organisation that bring about a major change in the country whereas only a handful of 8.33% of respondents disagreed with the scope and importance of this idea.



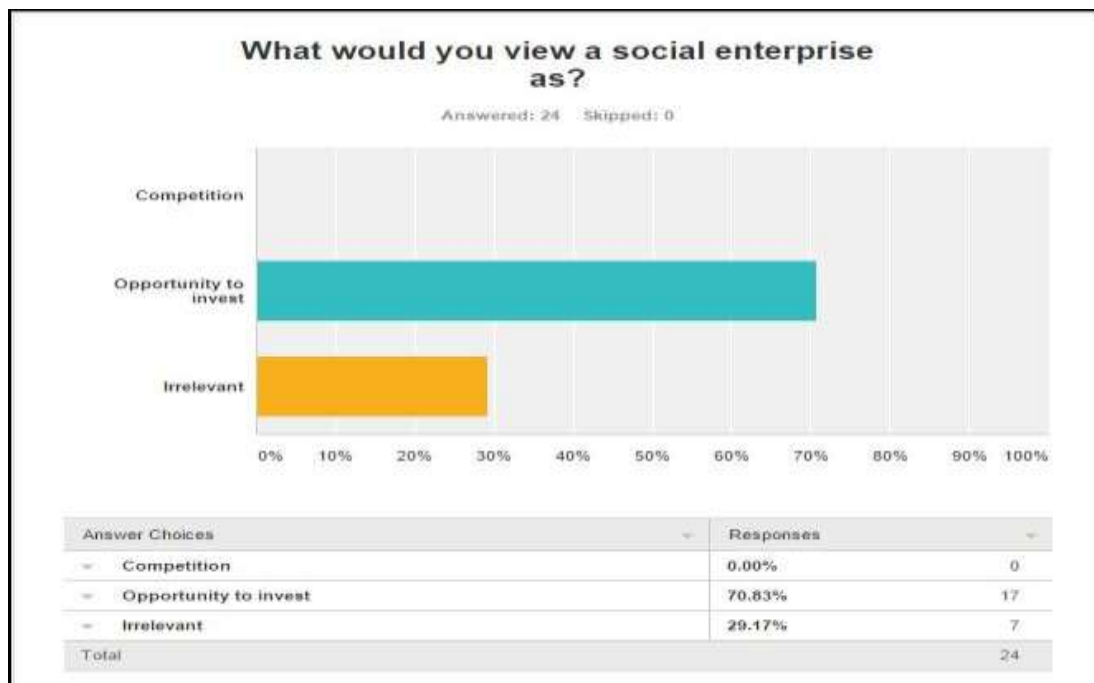
Q2. What would you view a social enterprise as?

- Competition
- Opportunity to invest
- Irrelevant

Social Entrepreneurship, an opportunity or competition?

It is necessary to understand what companies would look at a Social Enterprise as. As mentioned before, it has been seen that the consumer expectations have changed and they now care about the effects of business practices on the environment as well. Thus to understand what a corporate thought of a Social Enterprise, a research was done.

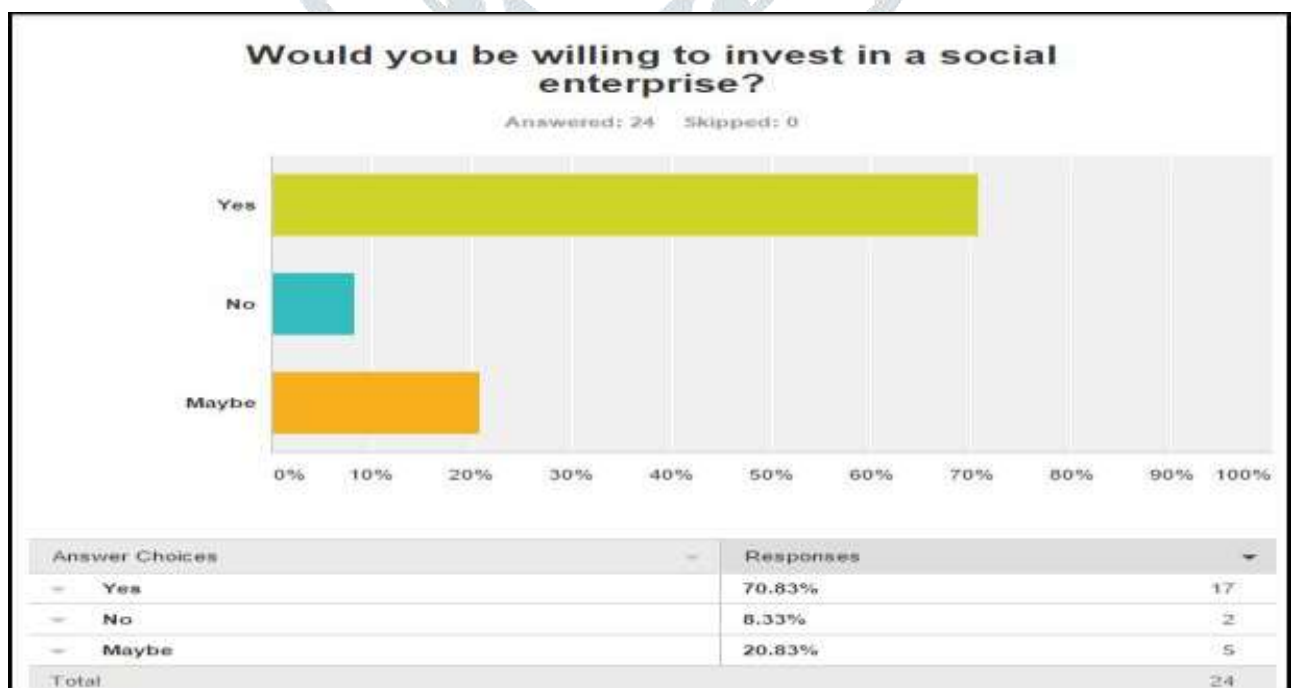
During the analysis of the results it was seen that 70.83% of the working class found a social enterprise to be an opportunity in which they could invest. 29.17% felt that they were irrelevant and did not affect their business practices. Not even a single person felt that a Social Enterprise could be a competition to their businesses.



Q3. Would you be willing to invest in a social enterprise?

- Yes
- No
- Maybe

Investment Potential in Social Entrepreneurship



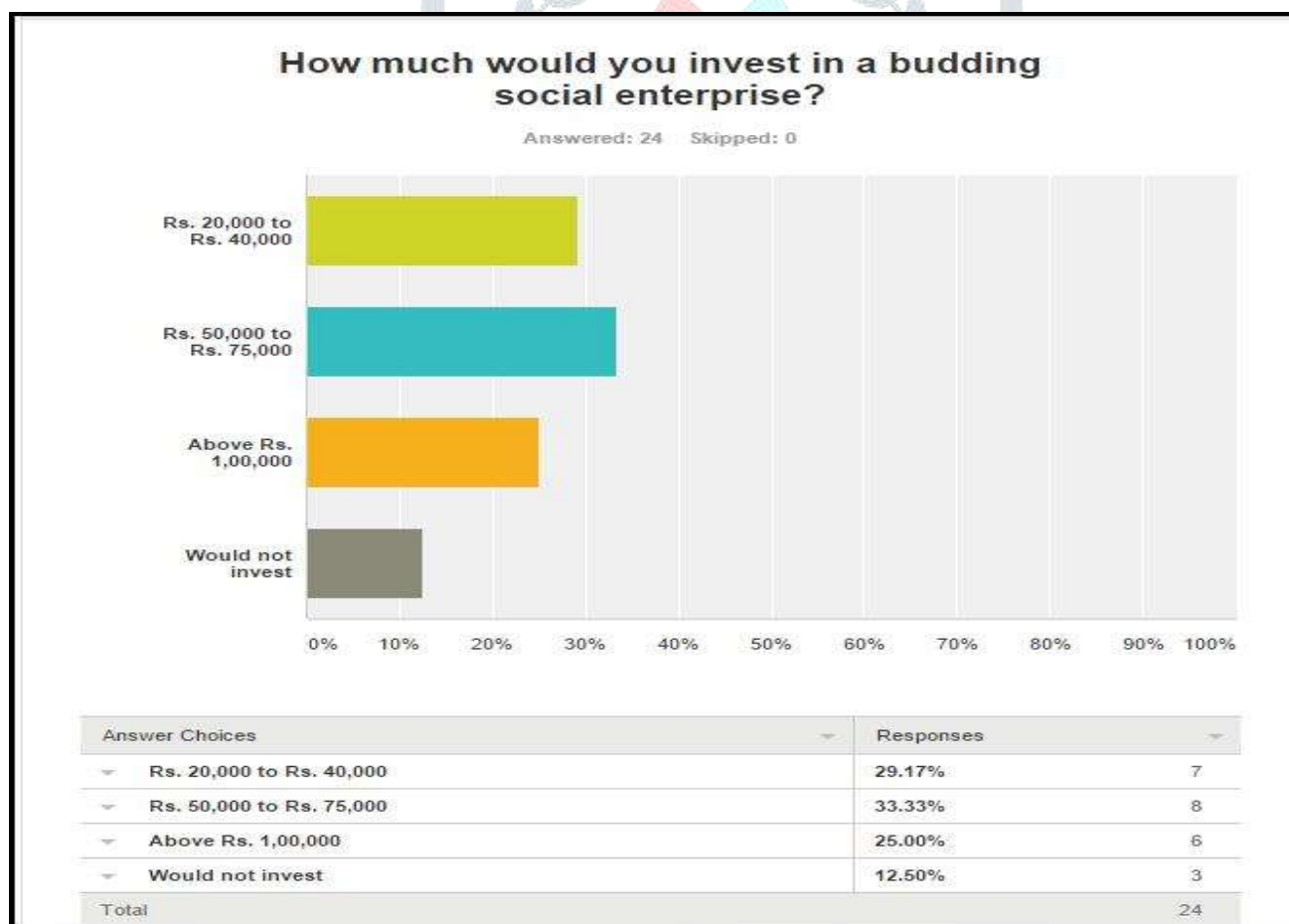
A social enterprise normally requires a lot a capital investment and they take longer than a normal company to get sufficient returns on their investment. Thus there is a need for corporates to invest in such organisations as well and promote them but the rate of return in such organisations is normally lower as compared to the other areas of investment. Through this research I have tried to find out whether the corporate would want to invest in such an organisation, if yes then how much and on what basis would they invest.

During the analysis of the survey, the results show that 70.83% of the working class is willing to invest in such areas and only 8.33% would not invest in such a venture.

Q4. How much would you invest in a budding social enterprise?

- Rs. 20,000 to Rs. 40,000
- Rs. 50,000 to Rs. 75,000
- Above Rs. 1,00,000
- Would not invest

Ability to raise funds for Social Entrepreneurship



The question does not stop at whether a corporate would invest or not. The amount of investment also makes a difference as the Social Enterprise would have to raise a fixed amount of capital. Thus on the basis of some experience in this sector, I bifurcated the investment amounts into 4 different groups. It is not necessary that a

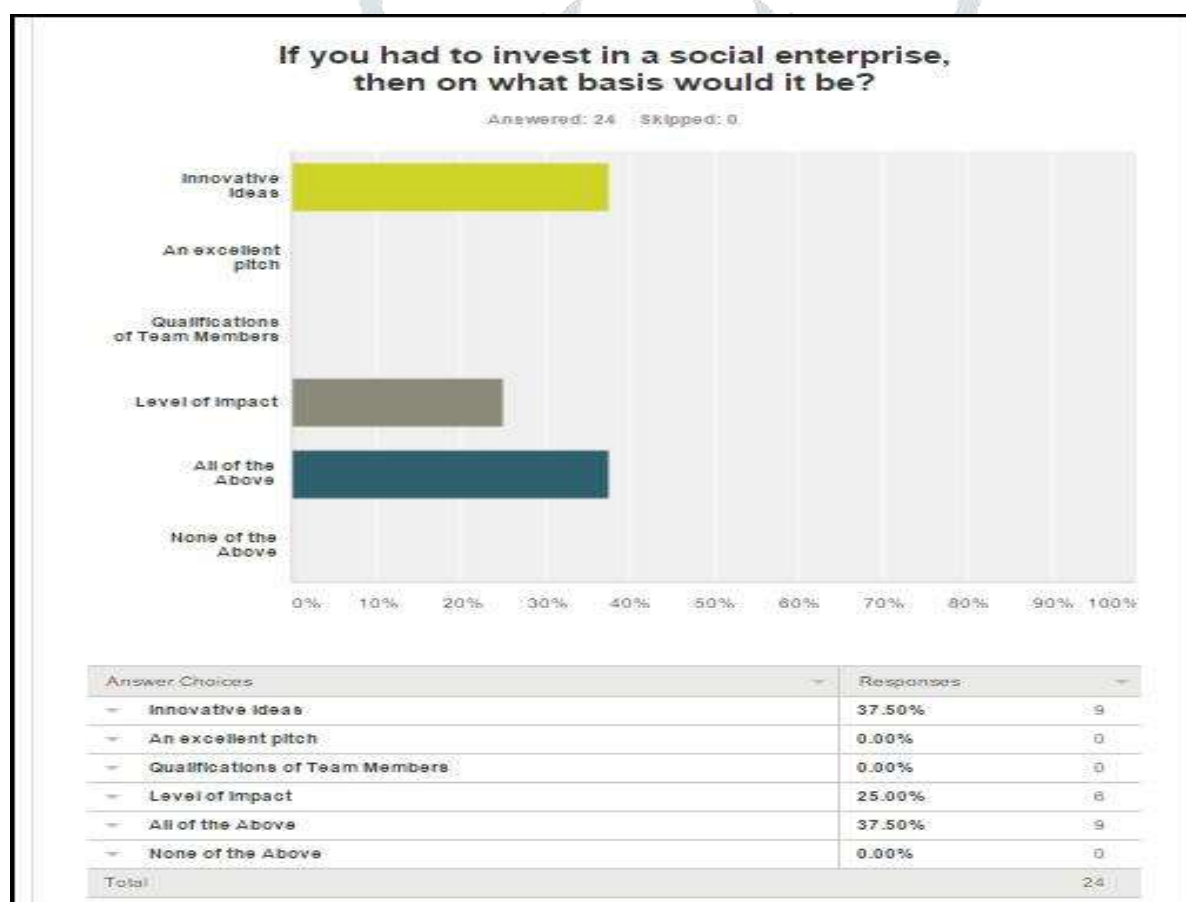
corporate would only invest an amount close to these figures only but these amounts have been chosen considering the fact that this would be their first investment in a totally new venture.

During the analysis of the results, it was seen that amongst the 4 possible options, there is no clear majority. The result is quite dispersed and broad. Around 33.33% of the people would invest Rs. 50,000 to Rs. 75,000 while 29.17% would invest Rs. 20,000 to Rs. 40,000 and 25% of the respondents would be willing to invest above Rs. 1 lakh. What this survey shows is that majority of the people would definitely invest in such a venture and only 12.50% would not be willing to invest.

Q5. If you had to invest in a social enterprise, then on what basis would it be?

- Innovative ideas
- An excellent pitch
- Qualifications of Team Members
- Level of Impact
- All of the above
- None of the above

Investment Objective in Social Enterprises



It is important to understand the various factors too, that would affect the investment pattern of a corporate or any working individual. In order to understand which would be the most important factors that would affect the investment pattern of an individual, a survey was conducted. These were the following results:

- 37.50% of the people felt that the innovativeness of the idea would be the key and the most important

factor while making the investment.

- 25% of the people felt that, the level of impact would be the driving factor. This is possibly because the level of impact would act as a proof of success. The corporates could also use this data to gauge the rate of growth to estimate the possible returns that they would make on investing in a particular venture.
- 37.50% of the people felt that each of the above factors were of equal importance

Interpretation

Majority of the working class would definitely invest in such a venture although their returns are expected to be lower than the other areas of investment normally. According to the people the most important factors on which they would invest in a particular social venture would either be the innovativeness of the idea or the level of impact. Some would give equal importance to each of the factors mentioned.

Findings & Conclusion

The world is rapidly turning into a global village and with the passage of time business is being expanded; the need for all round development of the country has become essential.

- It is true that companies must participate in community development practices, if the country is to progress at a faster rate and truly become the next superpower or a developed country as well. Social Enterprises are hence just as important as they look into economic, social as well as environmental development of the community at the same time.
- Corporates are now looking at such ventures as an opportunity to invest and majority wouldn't mind investing in such ventures even if the returns are lesser. Investment patterns mainly rely on the uniqueness of the idea and the level of impact created or foreseen.
- Social Entrepreneurship is not an easy path and there are a lot of hurdles such as the mind-set of the people and the existing rules and regulations of the government. These do not ideally support the cause of a social enterprise and therefore a change must be first brought in these aspects to be able to see the true potential of a social enterprise.

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