
UNIT 13 SOCIAL ENTREPRENEURSHIP

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13.0 OBJECTIVES

After studying this Unit, you should be able to:

- discuss the evolution of social entrepreneurship;
- define social entrepreneurship;
- describe out the characteristics of social entrepreneurs;
- explain the dimensions of social entrepreneurship;
- briefly describe India's context with regard to social entrepreneurship; and
- infer the relevance of social entrepreneurship in realising the United Nations Sustainable Development Goals (SDGs).

13.1 INTRODUCTION

With the aim to tackle social problems like poverty, illiteracy, ill-health, human rights violations, disability, ecological damage, and corruption etc. citizens across the world have engaged in various collaborative process with multiple stakeholders, such as, governments, private institutions, community based organisations, fund raisers etc. One such process is social entrepreneurship about, which we shall be discussing in this Unit. Social entrepreneurship has been referred to, as a social movement, field/domain, and profession. However, 'Social Entrepreneurship', as the name indicates, is absolutely influenced by the entrepreneurial spirit of business enterprises that exploits opportunities to enhance social wealth. In fact, social entrepreneurs are people with relentless mission to tackle social problems. Social entrepreneurs, in pursuit of realising the mission, will not give up till they are able to transform their ideas into reality.

To illustrate, Mohammad Yunus, the winner of the Nobel Peace Prize, 2006, has transformed the lives of the deprived communities through social entrepreneurship. His 'Grameen Bank' was founded to provide micro credits for poor women in rural areas to launch their small business ventures. Indeed, people involved in social entrepreneurship are those who have powerful ideas to improve people's lives and solve social problems on a large scale *vis-à-vis* cities, countries, and in some cases across the world. For example, from its humble beginning in Bangladesh in 1980s, currently, Grameen Foundation has intensified its world-wide presence through its robust network across the world, especially, in Asia, sub-Saharan Africa, and Latin America (40 countries). From the perspective of poor women, microcredit intends to provide them a political, economic, and social voice through, which they are able to raise their income levels and confidence that enables them to send their children to school, and also advance the well being of their family (Horn, 2013).

In this Unit, we shall discuss the concept of Social Entrepreneurship and characteristics of social entrepreneurs. We shall also discuss the relevance of social entrepreneurship in realising the United Nations Sustainable Development Goals (SDGs).

8.2 EVOLUTION OF SOCIAL ENTREPRENEURSHIP

Before discussing about the gradual evolution of social entrepreneurship, let us discuss about the three sectors of the economy. An economy is divided into three sectors, namely:

- 1) Public sector - the government functions with citizen service-orientation. It is owned by the government.
- 2) Private sector – it operates on profit motive and privately owned by individuals.
- 3) Community or third sector – it intends to create not-for-profit organisations and strategies for tackling social problems, such as, social entrepreneurship. It is socially-owned.

Ever since the emergence of social entrepreneurship, as a dynamic approach within the third sector, more number of citizens have been increasingly taking lead in tackling social and ecological challenges. Indeed, the third sector organisations function at different levels from local to national to international with the view to create social well-being of the society. In Indian context, the role of third sector with reference to people's institutions was highlighted in the Eighth Five Year Plan (1992-97). The Plan mentioned about creating and strengthening participatory institutions in the domains of poverty-reduction, planning, health, family, land improvement, efficient land use, watershed management, animal husbandry etc. Some of third sector organisations include charity organisations, voluntary and community organisations, social enterprises/social entrepreneurs, cooperatives, think tanks, and such others.

According to Bornstein (2010) social entrepreneurship, as a phenomenon has evolved due to several crucial changes at the global level. Firstly, the rapid expansion of the global middle class and capital wealth resulted in funding social ventures. Secondly, the increase in number of democratic and quasi-democratic societies enabled the citizens to pursue their freedoms in rectifying the social and ecological injustices. In fact, the growth of citizen activism bloomed outside the public and private sector interventions. Thirdly, with the explosion of Information and Communication Technologies (ICTs) there has been an increased level of public awareness about the global problems and its impact on the people and planet. Fourthly, increased accessibility to formal education and higher education opportunities have eventually enhanced wealth and awareness levels among the people. Finally, the establishment of rule of law and provision for wider participation of women and deprived communities with similar needs and goals in decisions affecting their lives have enhanced social entrepreneurship, as a global movement. Bornstein (2007) opines that more people in the contemporary times “have the freedom, time, wealth, health, exposure, social mobility, and confidence to address social problems in new bolder ways.”

13.3 DEFINING SOCIAL ENTREPRENEURSHIP

Social Entrepreneurship is relatively a new field, and practitioners and academics have shared their insights about this field. Let us look into few of the perspectives on this emerging field below:

According to Alvord, Brown, and Letts (2004), “social entrepreneurship creates innovative solutions to immediate social problems and mobilises the ideas, capacities, resources, and social arrangements required for sustainable social transformations.”

Robinson (2009) “social entrepreneurship as a process includes: the identification of a specific social problem and a specific solution...to address it.”

Bornstein and Davis (2010) defines social entrepreneurship as a “process by which citizens build or transform institutions to advance solutions to social problems, such as, poverty, illness, illiteracy, environmental destruction, human rights abuses and corruption, in order to make life better for many.”

From the above definitions we can understand that Social Entrepreneurship entails identifying the pressing social problem(s) and finding a solution through novel ways. In a way, social entrepreneurship intends to empower the society (especially the underserved communities) in addressing its problems. Notably, social entrepreneurship differs from conventional entrepreneurship in that the primary goal of the social venture is to address social problems and needs that are unmet. For perspective, the goal of conventional entrepreneurship is not related to solving social problems rather it focuses only on profit-motive.

Having understood the meaning of Social Entrepreneurship let us understand the characteristics of social entrepreneurs in the ensuing Section.

13.4 CHARACTERISTICS OF SOCIAL ENTREPRENEURS

Drucker (1993) opines that “the social entrepreneur changes the performance capacity of society”.

Gregory J. Dees (1998), the Father of Social Entrepreneurship Education characterises the role of a Social Entrepreneur, as a game changer for resolving the society’s problems by:

- adopting a mission to create and sustain social value (not just private value);
- recognizing and relentlessly pursuing new opportunities to serve the mission;
- engaging in a process of continuous innovation, adaptation, and learning;
- acting boldly without being limited by resources currently at hand; and
- exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

According to Drayton (2002) and Hammonds (2005) the characteristics include the following:

- having a new idea for solving a critical social problem;
- being creative;
- having an entrepreneurial personality;
- envisioning the broad social impact of the idea; and
- possessing an unquestionable ethical fibre

Bornstein (1998) states that social entrepreneurs are meant to:

- open new possibilities by introducing innovative ideas;
- combine visions with down-to-earth realism;
- be creative and highly ethical problem solvers; and
- exhibit a total commitment to their ideas of social change.

Martin and Osberg (2007) view social entrepreneurs as those who target underserved, neglected, or highly disadvantaged populations and aim at large-scale, transformational benefits that accrue either to a significant segment of society or to society at large.

Kramer (2005) opines that inherent in the definition of the social entrepreneur is the ability to find a new way of doing things.

From the above definitions we can understand that social entrepreneurs are people with great vision to serve the society, especially, the needy and underserved communities. In the process, they are able to encounter any kind of challenge with grit and determination. The challenges may vary from non-availability of resources to mobilisation of resources to market their vision to change resistance. In fact, in the words of Bill Drayton: “Social entrepreneurs are not content to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry.”

13.5 DIMENSIONS OF SOCIAL ENTREPRENEURSHIP

Praszkier and Nowak (2012) have identified five dimensions of social entrepreneurship *vis-à-vis* social mission, social innovation, social change, entrepreneurial spirit, and personality. Let us understand the dimensions in the ensuing paragraphs.

13.5.1 Social Mission

The social entrepreneur's mission is to generate a positive future for the underserved communities. Indeed, the notion of social mission defines their reason of existence in the society. For example, one of the social missions of Nobel Laureate Muhammad Yunus, the founder of the Grameen Bank is to create economic and social development from the base of the pyramid. In fact, Professor Yunus advocated for micro-credit as a human right and as an effective means for overcoming poverty. He vowed to (i) provide need-based financial loans to the poor; (ii) educate them the basics of micro-credit; and (iii) leverage the entrepreneurial capacity of the poor-income households. In 1997, the Grameen Bank had lent \$27 to 42 women basket weavers in Bangladesh without any collateral security. The women could repay the loan as well as earned a marginal profit. Currently, the Bank caters to 93 percent of the rural population (mostly women) in Bangladesh with over nine million members.

13.5.2 Social Innovation

It includes the design and implementation of novel solutions for societal problems while contributing to well-being of individuals and communities. One of the practical definitions of social innovation has been given by Mulgan (et.al) (2008) as "new ideas that work". For example, seeing the plight of menstruators in his village who were using unhygienic menstrual absorbents, Arunachalam Muruganantham, a social innovator from Tamil Nadu, had developed a portable machine to produce quality sanitary napkins at an affordable rate way back in 2004. One of the key features of the innovation was a vending machine, which was kept accessible in public places. It was developed with a capacity of 25 pads, which could dispense single pad with the insertion of a coin. In the Fifth National Grassroots Innovation Award held in 2009, the mini sanitary napkin making machine (Muruganantham's model) won the National Innovation award (National Innovation Foundation – India, 2009).

13.5.3 Social Change

In social entrepreneurship context, social change seeks to create a positive change, which involves First-order change and Second-order change. While First-order change includes changes at personal level to fix social issues, the Second-order change includes changing the social systems that is responsible for the issues. On the whole, the sequence of change is wide and sustainable. To substantiate further, Praszkier and Nowak (2012) opines that it would be difficult "to separate the element of social innovation from that of social change...social innovation is the spark and the social change is its long-term and far-reaching

consequence.” For example, through his social venture, Jayaashree Industries, Muruganantham was able to foster social change: firstly, poor women became aware of safe menstruation; secondly, they were able to access hygienic menstrual pads by which they were able to manage menstruation in a healthy and dignified manner; thirdly, employment opportunities were provided to over 21,000 oppressed women across the country (The Economic Times, 2017).

To further illustrate, Study Hall Education Foundation (SHEF) is a social entrepreneurial venture in India that works to provide education to the most disadvantaged girls. As of 2017, the Founder of SHEF Ms. Urvashi Sahni has collaborated with over 900 schools and has transformed the lives of over 4 lakh girls. For her exceptional contribution to girl’s education Ms. Sahni was felicitated as the ‘Social Entrepreneur of the Year’ Award in 2017 (Bharech, n.d). In this example, the main customers of social entrepreneurs are the girls from the disadvantaged groups who otherwise do not possess adequate finance to meet their educational needs. Indeed, social entrepreneurship has been perceived, as an instrument to address the victims of social injustices, who are not empowered to change their misfortunes on their own.

13.5.4 Entrepreneurial Spirit

The term ‘entrepreneur’ has been derived from its French roots ‘entreprendre,’ which means ‘to take into one’s own hands’ or ‘one who undertakes’. In fact, the term ‘entrepreneurship’ was coined two centuries ago by a French economist Jean-Baptiste Say, who viewed that the entrepreneur shifts economic resources from low productive to high productive mode so as to achieve greater yield. According to Praszkie and Nowak (2012) an entrepreneur is a person “who undertakes a significant project or activity”. In fact, entrepreneurs have been perceived, as job creators and not, as job seekers and, as someone who adds value to the society. The determination to resolve insoluble problems, such as, poverty, ill-health etc. stimulates for a novel approach, as we have witnessed in the cases of Professor Muhammad Yunus and Arunachalam Muruganantham. Both of them were visionaries in their respective domains, as they were able to identify the root cause of the problem, devise a sustainable strategy, mobilised resources, build organisations, market their vision, and above all were steadfast until the change had occurred on a large scale.

13.5.4 Personality

Social entrepreneurs are most likely to be risk-seeking and they view the problem through a different lens. They never back off from taking risks rather they work to change the attitude and behaviour of others. In general, social entrepreneurs resolve those issues that were regarded, as insoluble.

13.5.4.1 Case Example

With the vision to eradicate preventable blindness among poor people, Dr. Govindappa Venkataswamy founded the Aravind Eye Hospital in Madurai, Tamil Nadu in 1976. The hospital was named after the spiritual leader Sri Aurobindo. The hospital’s mission is to deliver quality healthcare at an affordable rate and free of cost to the needy irrespective of religion, caste, gender, disability etc. At start, the hospital had only 11 beds, however, it had

grown exponentially to conduct 400,000 surgeries per year with most of them free of cost (Krishnan, 2015). Over four decades, the hospital has not compromised on its social business model that strives to solve blindness problem irrespective of the patient's ability to pay. Likewise, it has always attracted and retained quality doctors and staff. Being the largest eye-care service providers in the world, Aravind runs on a self-funding healthcare delivery model wherein it is able to provide free treatment to its 50-60 percent of the 'non-paying' patients from the 40-50 percent of the paying patients without compromising the quality.

According to Krishnan (2015), "Aravind performs 60 percent of volume of surgeries done by the UK health system but at one-hundredth the cost." To further illustrate, the cost of cataract surgery at Aravind could be as low as US\$50 while in United States of America (USA) it would be approximately US\$3,000. The Aravind Model of healthcare has been replicated in Mumbai, Kolkata and Nepal. In fact, the Government of India has adopted its medical protocol for training centres across the country (Chaudhary, 2012). To replicate its model, Aravind has outreached to more than 300 hospitals worldwide including Latin America, Africa, and Asia (Social business design website).

From the case example we can understand that with proactive vision, preventable blindness at an affordable cost or free of cost is possible. Nevertheless, the Aravind Social Business Model has been undertaken as a successful case study by the Harvard Business School.

13.6 INDIAN CONTEXT

When it comes to Human Development Index (HDI) that quantifies the nation's health, education, and standards of living, India ranked 131st among 189 countries in 2020 (Economic Times, 2020). Based on this fact, it can be inferred that despite being the fastest growing major economy in the world, India is still grappled with socio-economic issues, such as, poverty, illiteracy, inadequate healthcare, malnutrition, unemployment etc. In fact, socially and economically deprived communities have not been able to reap the benefits of its economic growth of the country.

With the aim to ensure sustainable livelihood for all citizens of the country and to scale up skilled workforce, the Government of India has come up with the National Policy on Skill Development and Entrepreneurship in 2015. Specifically, the Policy intends to create a dynamic entrepreneurial economy so as to generate wealth and formal wage employment. In fact, such social policy interventions can be considered as an instrument applied by governments to support people at the base of the pyramid. One of the core objectives of the Policy is to empower individuals irrespective of caste, religion, persons with disabilities, gender, etc. and enable them to actualise their full potential. To illustrate, the Policy seeks to ensure complete skilling needs of the economically and socially deprived communities, such as, women, minorities, persons with disabilities, Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Castes (OBCs), etc. To achieve this, the government seeks to collaborate with social entrepreneurs and innovators.

Indeed, for the purpose of alleviating the social problems, the Policy seeks to promote social entrepreneurship and grassroots innovations. Through social entrepreneurship the Policy entails the poor to access investors, banks etc. thus enabling the deprived communities to be active participants rather than passive recipients. To foster social entrepreneurship at a large scale and to encourage the growing entrepreneurial aspirations of the citizens, the Policy intends to create a vibrant ecosystem. Some of them involves:

- To encourage universities and academic institutions to launch a course on Social Entrepreneurship (including distance education) so as to promote more vibrant spaces for aspiring youths and citizens;
- To promote social venture fund so as to facilitate budding social entrepreneurs to access credit;
- To create social business incubators across the country.

In this regard, social entrepreneurship as a development process can generate a positive impact on society, especially, to the socially and economically deprived communities by providing varied solutions to socio-economic challenges. For example, under the Deendayal Disabled Rehabilitation Scheme (DDRS), the Department of Disability Affairs, Ministry of Social Justice and Empowerment had provided grant-in-aids to the third sector for vocational training, sheltered workshops, special schools for Persons with Disabilities (PwD), home-based rehabilitation programmes etc.

From the discussion above you can understand that governments are open and active to collaborate with non-state actors like social entrepreneurs.

13.7 SOCIAL ENTREPRENEURSHIP AND SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Global goals or also known as Agenda 2030 is a universal call adopted in 2015 with the commitment to end poverty, protect planet and promote peace and well-being through partnerships at multiple levels. The SDGs caters to the social problems, such as, poverty, non-accessibility to quality education and healthcare, environment degradation etc. According to United Nations Development Programme (UNDP), “the creativity, knowhow, technology and financial resources from all of society is necessary to achieve the SDGs in every context (UNDP Website).” Having understood that social entrepreneurship as an effective instrument in resolving social problems, it can be inferred that social entrepreneurship has also the potential to realise the SDGs.

In this context, United Nations has committed itself to coordinate and facilitate with Catalyst 2030, a network of social change innovators to accelerate progress towards the United Nations Sustainable Development Goals (SDGs). Catalyst 2030 believe to co-create and support infrastructure for achieving SDGs. This global movement was started in 2019 involving social entrepreneurs, Non-Government Organisations (NGOs), intermediaries, funders, and other social change innovators. It aims to build meaningful partnerships among global and local stakeholders at multiple levels. One of their objectives is to catalyse collaborations by improving connectivity and transparency between social entrepreneurs so that they would reach out to more projects and partnerships (Catalyst2030 Website).

ACTIVITY

Explore the following link and discuss about the inspiring stories of social entrepreneurs with your family and friends: <https://changecreator.com/8-famous-social-entrepreneurs-need-know/>

13.8 CONCLUSION

Social entrepreneurship is a global phenomenon and social entrepreneurs are spread across the world encountering the social problems being faced by the poor. In this context, social entrepreneurship provides the needed key to unlock the potentials of the poor. Social entrepreneurs are mainly dissatisfied with change resistance and therefore keep identifying opportunities for social change. Historically, the organisations working to solve social issues have been labelled as ‘not for profit’ and ‘NGOs’, however, today they have been identified as ‘the third sector’. Social entrepreneurship indeed has become an established profession/vocation and as a mainstream process of development not just in developed countries but increasingly in countries of Asia, Africa, and Latin America. In fact, the rise of social entrepreneurialism has brought a fundamental change in the governance dynamics wherein informed and enterprising citizens (representing the third sector) collaborate with government to deliver public services.

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