'Social Entrepreneurship In India – Opportunities and Challenges in The Current Scenario.'

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ABSTRACT

Social entrepreneurship is a topic of growing interest among academicians and practitioners. The potential of social problems in India is well known, but the degree of support and interest is hardly significant.

An entrepreneurial mindset is re-emerging in India. Right from ancient times, India has been entrepreneurial. But the era of liberalization of late had released the genie from the bottle – the suppressed urge and natural instincts of our effervescent entrepreneurial class has once again been unleashed.

The opening up of the industrial sector to foreign competition had created a flutter among the Indian industrial circles.

The paper attempts to shed light on the comment state of affairs on the theme of challenges and opportunities facing the social entrepreneurship scene in India.

INTRODUCTION

The economic development of a Nation depends on its industrial development. The industrial development is based on the entrepreneurial competencies of the people. Entrepreneurs are innovative, highly motivated, and critical thinkers. When these attributes are combined with a drive to solve social problems, a social entrepreneur is born. Social enterprises are the organizations which aim their efforts toward improving the general welfare of society and they apply market-based strategies to achieve a social purpose. Social entrepreneurs and social enterprises share a commitment of going ahead with a social mission of improving society. There is a great difference between social entrepreneurs and non profit organizations on the basis of their goals and objectives. Social

entrepreneurs are driven by social as well as financial goals whereas non-profit organizations work purely for social purpose.

An understanding of whether and how social entrepreneurship differs from processes and activities by political actors or social activists who also aim to bring about social change or alleviate social problems. In a nutshell, the concept of social entrepreneurship is still poorly defined and its boundaries to other fields of study are still fuzzy. While to some this may appear to be a problem, we see it as a unique opportunity for researchers from different fields and disciplines, such as entrepreneurship, sociology and organizational theory, to challenge and rethink central concepts and assumptions.

LITERATURE REVIEW

Social entrepreneurship as a practice that integrates economic and social value creation has a long heritage and a global presence. The global efforts of Ashoka, founded by Bill Drayton in 1980, to provide seed funding for entrepreneurs with a social vision (http://www.ashoka.org); the multiple activities of Grameen Bank, established by Professor Muhammad Yunus in 1976 to eradicate poverty and empower women in Bangladesh (http://www.grameen-info.org); or the use of arts to develop community programs in Pittsburgh by the Manchester Craftsmen's Guild, founded by Bill Strickland in 1968 (http://www.manchesterguild.org): these are contemporary manifestations of a phenomenon that finds its historical precedents in, among other things, the values of Victorian Liberalism. The conviction of "enlightened entrepreneurs", as some Victorian industrialists are referred to, that there was a need to

combine commercial success with social progress gave birth to industrial groups that used economic wealth for the good of the community (Bradley, 1987; Thompson, Alvy, & Lees, 2000). While entrepreneurial phenomena aimed at economic development have received a great amount of scholarly attention (see Busenitz, West III, Sheperd, Nelson, Chandler, & Zacharakis (2003) for a review of the empirical and theoretical development of the entrepreneurship concept), entrepreneurship as a process to foster social progress has only recently attracted the interest of researchers (Alvord, Brown, & Letts, 2004; Boschee, 1995; Dees and Elias, 1998; Thompson, 2002). The development of social entrepreneurship as an area for research closely resembles the development of research on entrepreneurship itself. Williams (1999) argued that interest in entrepreneurship as a field of study was crucially stimulated by community leaders' belief that entrepreneurship was a defining trend of the 21st century. Similarly, we observe that the rise of scholarly interest in social entrepreneurship goes hand in hand with an increasing interest in the phenomenon among elites. Over the last few years, a number of successful business entrepreneurs have dedicated substantial resources to supporting social entrepreneurship. For example, Jeff Skoll, co-founder of eBay, created a foundation and donated 4.4 million pounds to establish a research center for social entrepreneurship (http://www.skollfoundation.org). Jeff Bezos, founder of Amazon, recently announced a one million US dollar award for innovative approaches and breakthrough solutions to effectively improve communities or the world at large (http://www.amazon.com). Finally, social entrepreneurs join the leaders of nations and corporations in panel discussions at the World Economic Forum in Davos (http://www.weforum.org).

DISCUSSION

SCOPE OF SOCIAL ENTREPRENEURSHIP

Social entrepreneurship is a growing, worldwide movement. The scope of social work is no longer limited to activism. Today, there are many opportunities in child welfare, community policing, healthcare, counselling etc in not only NGO's but also national and international bodies as well as social enterprises. Additionally, there is immense scope for social entrepreneurship and starting your own social initiatives. Social entrepreneurship will play a big role in bringing the growth to the rural masses in India and so it becomes important to study the factors, like fair trade, that will shape the social entrepreneurship philosophy.

First we will look into the areas where India faces problems, some of which are listed below:

1. Making the educated youths employable- many of our courses are designed in such a way that they don't cater to needs of the industry.
2. Healthcare- affordability
3. Urban and Rural Sanitation
4. Making use of renewable sources of power
5. Nutrition and Food for the poor.
6. Affordable housing.
7. Agriculture

Many more are there, but these are the basic needs of the Indian society, which are being the topics of discussions from so many years, many policies and laws were passed by state and central governments of India. But still exists!

Social enterprises in these sectors will not only create many opportunities but also can find a solution for these problems. For example an enterprise to train the youth with industrial oriented skills, is a good entrepreneurial option at the same time it will answer the problem of unemployed educated youth.

COSTFORD, an organisation with 13 centres across Kerala offers cost effective plans to build house. "COSTFORD encourages its institutional, public and private clients. Along with organisations sharing similar concerns about social equity and a healthier ecosystem, to envision alternative architecture as a path to a more just, peaceful and sustainable world" (www.costford.com) is a very good example for an enterprise with social goal (social enterprise) of affordable homes.

EARTHEN LIFE Earthen Life provides a sustainable and a decentralized waste management solution by converting organic waste to renewable energy at source while taking an inclusive approach of integrating the waste pickers and other low income communities in the value chain. Earthen Life is based in Maharashtra with offices at Mumbai and Pune.

When many opportunities are available, when the Indian scene is wide open for new ideas, when many social entrepreneurs set the examples, why does entrepreneurs hesitate to make a first step?

Challenges for Social Entrepreneurs in India

The positive feedback of success and attention will naturally encourage new entrants, driving more and more effective social entrepreneurial initiatives. Peredo & McLean (2006) indicate that there are nevertheless tremendous hurdles and challenges that many social entrepreneurs

face while operating in India and that hinder the entrance of new social entrepreneurial ventures. Unfriendly bankers, procedural delays, bureaucratic indifferences all impede the smooth launching of enterprises. Ironically enough, the policy imperatives with their trust on protecting the new entrepreneurs in the small sector from the shocks of unequal market relations with the large sector, have turned out to be the hardest stumbling blocks on their path to growth and prosperity. Complex and burdensome regulatory and administrative environment created as a result of excessive state intervention became the major deterrent to the emergence of new entrepreneurship. Some of the major challenges are explained below:

Lack of Education in Entrepreneurship:

Entrepreneurship in India is still encumbered by the traditional

educational system of the country. As education is the main source for

promoting entrepreneurship in the business sector of the economy, there is still a lack of specific curriculum on entrepreneurship development in the Indian education system. Due to the increasing demand of this sector,

currently, the entrepreneurship education is a "new cup of tea" limited to

graduates of business schools and management institutes, whereas for

other streams of education like the sciences and arts there is not a single

course on entrepreneurship in the curriculum. Due to this gap in the Indian education system the country's entrepreneurial sector is still underdeveloped and struggling. Even business schools that have developed curriculum on entrepreneurship are lacking in terms of social entrepreneurship. This lack of social entrepreneurship knowledge presents a major challenge for social enterprises in finding competent and skilled promoters.

Lack of Financial Assistance: Lack of financial sources is a major challenge for the Indian entrepreneur. Generally, the social entrepreneurs run their business with their own funds or by raising funds from the local money lenders at a high rate of interest, which sometimes becomes a financial burden on them. The reason behind this is the bank's avoidance to providing loan facilities for social entrepreneurs given the various social complications attached with them. Hence the social enterprises have to deal with the challenge of facing a hostile reaction from financial institutions and governments as far as funding is concerned. This forces social entrepreneurs to take, what can be, a more difficult path of approaching venture capitalist and philanthropic organizations.

Social and Cultural Effect: In India, the social and cultural perception of social entrepreneurship sometimes becomes a challenge for social entrepreneurs in running their business activities. As in the case of Water Health International, the major focus of this social

venture was to awaken the people about various water diseases and how they can be cured, but people were still sceptical about how, and why, WHI is providing the purified water at such a low cost. This impression shows the lack of knowledge or foresightedness of the local community in distinguishing a social business from a normal profit-driven business.

Comparative disadvantages to business:

Social entrepreneurs mainly deal with the difficult task of improving the welfare of the society and they are always keen to find affordable solutions to various societal problems. But every activity of social business carries a cost, which is mostly borne by the owner out of his own pocket or by taking loans from money lenders. Social entrepreneurs are not necessarily working in a lucrative market; they identify a problem within society and try to find affordable solutions for them. Once they find the way to earn some profit after providing the best low cost solution to the needs of the society, more traditional businesses will enter the

market competing with a similar solution and technique, increasing transaction costs and competition for social entrepreneurs and hampering their future growth.

Lack of Government support: Lack of government support is a major hindrance for social business development in India. Currently, the government is not providing any kind of assistance for promoting these social cause ventures. The government's policies and regulations for social entrepreneurs are very complex and strict, with no tax incentives or subsidies being provided for a social business, the combination of which acts as major impediment to the growth of social businesses in India.

Lack of Skilled Manpower: Social enterprises have to get competent

manpower from a variety of sources; professionals, volunteers, labourers and community participants. To align the motives of all these groups with the long term growth of the organization is a challenge for the founders. In order for social enterprises to fulfil their mission in a holistic manner they must typically employ manpower from the underprivileged sector of the society, leading to increased training and developmental cost as these people are typically uneducated and unskilled. The organizations have to attempt to fulfil the aspirations of all these divergent groups and still come out with the best results.

Social entrepreneurs in India face a variety of challenges and problems in

their day to day operations and while many of them have come a long way in meeting these challenges, there remains a long journey ahead in terms of satisfying their social mission.

SUGGESTIONS

A few workable suggestions could help Indian social entrepreneurs in achieving their objectives:

- Social enterprise should use the network approach with other social enterprises to avail the opportunities in the market. It helps them to educate the consumer and set the market standards. The social enterprises should work together to educate customers about the difference between their product and those offered (possibly at lower Prices) by other businesses. This would lead to increased demand for their products by the people who support their cause. This network approach can also be used in lobbying the government and regulatory agencies to create a business environment supportive of social enterprising. This lobbying can influence the government to provide liberal tax policies and investment regulations for the social enterprises.

- Social entrepreneurs should assist higher education institutes in India in developing curriculum that instils social entrepreneurship in their students and, in doing so, provides social enterprises with access to good quality managers and promoters.

- Majority of the social enterprises are operating mostly in the southern and western parts of India. This is primarily due to the jurisdictional focus of many of these enterprises and this leads to a regional imbalance in the growth of social entrepreneurship within the country. These enterprises should try to expand their operations to act as a mentor for similar organizations in the under-serviced areas of India. Balancing the growth of social entrepreneurship in the country would go a long way in solving the social problems of a large population spread over the width and breadth of the country.

CONCLUSION

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 make social change. Social entrepreneurship is a process aimed at enabling business to develop more advanced and powerful forms of social responsibility.

The Indian scene is full of possibilities and challenges. The country possesses capable human resources, and has made good progress in achieving scientific and technological capabilities. The economy has been witnessing rapid growth since the onset of liberalizations from 1991 onwards. Unfortunately social and environmental problems of the country are increasing year after year (Christie& Honig, 2006) which necessitates the extensive application of multidisciplinary approaches and entrepreneurial energy in the social and environmental sectors.

India is experiencing an increase in social entrepreneurship and attempts by social entrepreneurs to find affordable solutions to various social problems of society. With changes in technology and increasing competition, social entrepreneurs have to become more dynamic.

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