

Challenges For Social Entrepreneurship

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ABSTRACT

Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to move in different directions.

Social Entrepreneurship by its nature is essentially only bound by the social mission and theory of change. The general perception of equating Social Entrepreneurship to starting Non-profit organizations probably arises out of the strong social missions that these organizations pursue. Although, it is not wholly inaccurate there are far many examples of for-profit sustainable revenue generating enterprises with a social value generating structure prompting us to re-think the traditional models and conceptualize new hybrid business models.

This paper discusses the meaning of social entrepreneurship and difference between Traditional / Business Entrepreneurship & Social entrepreneurship. The author explains role and importance of social entrepreneurship and qualities of social entrepreneurs. This paper discusses the successful examples of social entrepreneurs. This paper highlights the challenges faced by social entrepreneurs. The author surveys the social entrepreneurs in Pune to understand the challenges faced. Finally, the author attempts to suggest the measures to overcome these challenges.

Key Words: Social Entrepreneurship, Role, Importance, examples, challenges

1. INTRODUCTION

The terms *social entrepreneur* and *social entrepreneurship* were used first in the literature on social change in the 1960s and 1970s.^[4] The terms came into widespread use in the 1980s and 1990s, promoted by Bill Drayton the founder of Ashoka: Innovators for the Public,^[5] and others such as Charles Leadbeater.^[6]

A social entrepreneur identifies practical solutions to social problems by combining innovation, resourcefulness and opportunity. Committed to producing social value, these entrepreneurs identify new processes, services and products, or unique ways of combining proven practice with innovation to address complex social problems. Whether the focus of their work is on enterprise development, health, education, environment, labour conditions or human rights, social entrepreneurs are people who seize on the problems created by change as opportunities to transform societies. The paper focuses on social entrepreneurs and entrepreneurship. The objective of the paper is to study about the different challenges of social entrepreneurship. How social entrepreneurs work for the benefits of the society. This paper focuses on different challenges faced by the social entrepreneurs while doing something for the welfare of the society.

Just as entrepreneurs change the face of business, social entrepreneurs act as the change agents for society, seizing opportunities others miss to improve systems, invent new approaches, and create solutions to change society for the better. While a business entrepreneur might create entirely new industries, a social entrepreneur develops innovative solutions to social problems and then implements them on a large scale.

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2. OBJECTIVES

This research attempts:

1. To study the concept and meaning of social entrepreneurship.
2. To study the role and importance of social entrepreneurship.
3. To study the difference between business entrepreneurship and social entrepreneurship.
4. To study the challenges faced by social entrepreneurship.
5. To survey the social entrepreneurs to understand the challenges faced by them

3. MEANING OF SOCIAL ENTREPRENEURSHIP

The term of “social entrepreneurship” was first coined in 1980 by Bill Drayton of Ashoka which is the global association of the world’s leading social entrepreneurs. David Gergen, Harvard Professor, described social entrepreneurs as the “new engines of reforms”. In an environment where traditional providers such as the charitable and voluntary sectors have been criticized as bureaucratic and resistant to change and the public sector has become overstretched and hampered by resource constraints, SE has been identified as an innovative way of tackling unmet socio-economic needs (Leadbeater, 1997; Mulgan and Landry, 1995).

The Social Entrepreneurship Initiative (SEI) based at Stanford University has developed a comprehensive description of social enterprise that reflects the diversity. They argue that social enterprises can be classified in one of the three ways: as for-profit organizations which use their resources to creatively address social issues; as not-for-profit organizations which help individuals establish their own small, for-profit businesses, or as not-for-profit ventures which create economic value to fund their own programs or to create employment and training opportunities for their client population (Eleanor and Carter, 2004)

Social entrepreneurship is the process of pursuing innovative solutions to social problems. More specifically, social entrepreneurs adopt a mission to create and sustain social value. They relentlessly pursue opportunities to serve this mission, while continuously adapting and learning. They draw upon appropriate thinking in both the business and nonprofit worlds and operate in all kinds of organizations: large and small; new and old; religious and secular; nonprofit, for-profit, and hybrid.

Over the past two decades, the citizen sector has discovered what the business sector learned long ago: There is nothing as powerful as a new idea in the hands of a first-class entrepreneur.

Social entrepreneurs often seem to be possessed by their ideas, committing their lives to changing the direction of their field. They are visionaries, but also realists, and are ultimately concerned with the practical implementation of their vision above all else.

Social entrepreneurs present user-friendly, understandable, and ethical ideas that engage widespread support in order to maximize the number of citizens that will stand up, seize their idea, and implement it. Leading social entrepreneurs are mass recruiters of local changemakers— role models proving that citizens who channel their ideas into action can do almost anything.

3.1 Definition

Social entrepreneurship generally defined as “Entrepreneurship activity with an embedded social purpose”

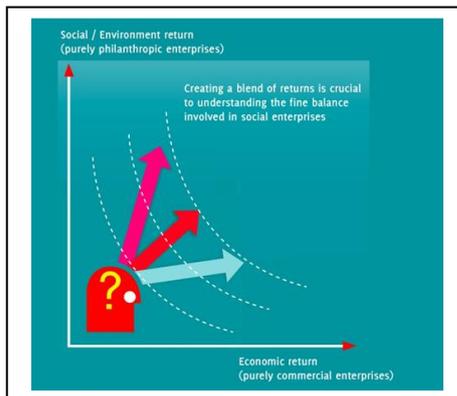
There have been numerous attempts at defining Social Entrepreneurship. “Social entrepreneurship is the work of a social entrepreneur. A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to make social change. Whereas a business entrepreneur typically measures performance in profit and return, a social entrepreneur assesses success in terms of the impact s/he has on society.”

There are 3 key components that emerge out of this definition and are more or less common when it comes to the other variations of the definition of Social Entrepreneurship:

- The problem

- A sustainable solution
- Social change

Figure 1: Social Entrepreneurship and Economic Return



3.2 Qualities of Social Entrepreneurs

Following are the qualities of social entrepreneurs:

- **Ambitious:** Social entrepreneurs tackle major social issues, from increasing the college enrollment rate of low-income students to fighting poverty. They operate in all kinds of organizations: innovative nonprofits, social-purpose ventures, and hybrid organizations that mix elements of nonprofit and for-profit organizations.
- **Mission driven:** Generating social value—not wealth—is the central criterion of a successful social entrepreneur. While wealth creation may be part of the process, it is not an end in itself. Promoting systemic social change is the real objective.
- **Strategic:** Like business entrepreneurs, social entrepreneurs see and act upon what others miss: opportunities to improve systems, create solutions and invent new approaches that create social value. And like the best business entrepreneurs, social entrepreneurs are intensely focused and hard-driving in their pursuit of a social vision.
- **Resourceful:** Because social entrepreneurs operate within a social context rather than the business world, they have limited access to capital and traditional market support systems. As a result, social entrepreneurs must be skilled at mobilizing human, financial and political resources.
- **Results oriented:** Social entrepreneurs are driven to produce measurable returns. These results transform existing realities, open up new pathways for the marginalized and disadvantaged, and unlock society's potential to effect social change.

3.3 Focus Areas of Social Entrepreneurship

Social entrepreneurs advance innovations that:

- Arrest or slow deforestation using policy, market and community-driven mechanisms.
- Enhance a person's ability to improve her or his economic well-being and personal dignity through opportunity.
- Harness aid to be more accountable, transparent and solutions-oriented, for lasting development.
- Enable access to and ensure use of reliable, affordable and appropriate healthcare in disadvantaged populations.
- Address issues of sustainable productivity not beneficiary by beneficiary, but system wide.
- Lay the foundation for peace and human security.
- Harness the capital and consumer markets that drive change by considering all costs and opportunities.
- Transform the way water is managed and provided, long-term, for both people and agriculture.

4. ROLE & IMPORTANCE OF SOCIAL ENTREPRENEURSHIP

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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 the process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand,

Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

The Importance of Social Entrepreneurship for Development:

Especially since Muhammad Yunus, founder of the Grameen Bank and a renowned example of a social enterprise, won the Nobel Peace Prize in 2006 there is increasing interest in social entrepreneurship for development yet the current academic literature does not provide a sufficient link between social entrepreneurship and economic development policies. How important are social entrepreneurs for economic development? What value is created by social entrepreneurship?

4.1. Employment Development

The first major economic value that social entrepreneurship creates is the most obvious one because it is shared with entrepreneurs and businesses alike: job and employment creation. Estimates range from one to seven percent of people employed in the social entrepreneurship sector. Secondly, social enterprises provide employment opportunities and job training to segments of society at an employment disadvantage (long-term unemployed, disabled, homeless, at-risk youth and gender-discriminated women). In the case of 'Grameen Bank' the economic situation of six million disadvantaged women micro-entrepreneurs were improved.

4.2. Innovation / New Goods and Services

Social enterprises develop and apply innovation important to social and economic development and develop new goods and services. Issues addressed include some of the biggest societal problems such as HIV, mental ill-health, illiteracy, crime and drug abuse which, importantly are confronted in innovative ways. An example showing that these new approaches in some cases are transferable to the public sector is the Brazilian social entrepreneur Veronica Khosa, who developed a home-based care model for AIDS patients which later changed government health policy.

4.3 Social Capital

Next to economic capital one of the most important values created by social entrepreneurship is social capital (usually understood as "the resources which are linked to possession of a durable network of ... relationships of mutual acquaintance and recognition"). Examples are the success of the German and Japanese economies, which have their roots in long-term relationships and the ethics of cooperation, in both essential innovation and industrial development. The World Bank also sees social capital as critical for poverty alleviation and sustainable human and economic development. Investments in social capital can start a virtuous cycle.

4.4 Equity Promotion

Social entrepreneurship fosters a more equitable society by addressing social issues and trying to achieve ongoing sustainable impact through their social mission rather than purely profit-maximization. In Yunus's example, the Grameen Bank supports disadvantaged women. Another case is the American social entrepreneur J.B. Schramm who has helped thousands of low-income high-school students to get into tertiary education.

To sum up, social enterprises should be seen as a positive force, as change agents providing leading-edge innovation to unmet social needs. Social entrepreneurship is not a panacea because it works within the overall social and economic framework, but as it starts at the grassroots level it is often overlooked and deserves much more attention from academic theorists as well as policy makers. This is especially important in developing countries and welfare states facing increasing financial stress

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5. DIFFERENCE BETWEEN BUSINESS ENTREPRENEURSHIP AND SOCIAL ENTREPRENEURSHIP

5.1 Business Entrepreneurs

Business entrepreneurs focus more on the profit and wealth side. Their main goal is to satisfy customer needs, provide growth for shareholders, expand the influence of their business, and to expose their business to as many people as they can. Sometimes, they will overlook the environmental consequences of their actions. The main priority for this type of entrepreneur is to gain profit. They need to gain profit so they can ultimately keep providing services or goods to their customers, provide for themselves and their families, and provide for their business' expansion.

In the process of starting up their business, they look for gaps in the market to fill. They look for things that people need or want, and then they try to make a service or product that will satisfy that need or want. The ultimate effect is to generate profit in the form of material things.

5.2 Social Entrepreneurs

The social entrepreneur's main focus is the social and/or environmental well-being. When they see a problem in the community, environment, or ways of the people, they take actions toward helping solve that problem. The main goal for the social entrepreneur is not wealth or money. Rather, they prioritize more on serving the needs and wants of the community in a more resourceful way. Sometimes, they will engage in their projects with little funds and resources, while still making an impact on society.

Social entrepreneurs try to make the world a better place to live in. They focus more on the greater good. Their projects may or may not generate value and income. Sometimes, they will invest a lot of their time and energy in changing society with little in return. Social entrepreneurs focus on many different topics, such as the economy, social disorganization, and inequality.

- Like any business entrepreneur, social entrepreneurs also find gaps and create a venture to serve the unerved 'markets'.
- The primary difference between the business and the social entrepreneurs is the purpose for setting up the venture. While the business entrepreneurs' efforts focus on building a business and earning profits, the social entrepreneurs' purpose is to create social change.
- A business entrepreneur may create changes in the society, but that is not the primary purpose of starting the venture. Similarly, a social entrepreneur may generate profits, but for him/her that is not the primary reason for starting the venture.
- Profitability - not 'profit-making' - however, is important for the social entrepreneur. Being 'profitable' helps self-sustainability of the venture, and also works as a mechanism for self-monitoring. To quote from Dr Yunus (Grameen Bank)
- "Grameen's central focus is to help poor borrower move out of poverty, not making money. Making profit is always recognised as a necessary condition of success to show that we are covering costs. Volume of profit is not important in Grameen in money-making sense, but important as an indicator of efficiency."

Another key difference between the social and the business entrepreneur is in **the meaning of wealth creation**. For the business entrepreneur, 'wealth' is same as profits. For the social entrepreneur, however, wealth also encompasses creation/sustenance of the social and environmental capital. *Therefore, to be viable, a social entrepreneurship venture must show a positive Social and/or Environmental ROI.*

6. CHALLENGES FACED BY SOCIAL ENTREPRENEURS

After a review of extensive literature the author mentions the following challenges faced by social entrepreneurs:

<ul style="list-style-type: none">• Conveying the Business Idea• Attracting Donors• Working remotely• Hiring• Finding Time• Getting Fund• Raising Money	<ul style="list-style-type: none">• Business People support• Government Approval• Maintaining product quality• Sustaining employees• Competition from others• Promoting Awareness• Acquiring Technologies
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• Family and Friend Support	• Getting Skilled Employees
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7. EXAMPLES OF SUCCESSFUL SOCIAL ENTREPRENEURSHIP

7.1 Aravind Eye Hospital & Aurolab

Dr. Govindappa Venkataswamy (Dr. V) & David Green started trust at Madurai, India with a mission of making medical technology and health care services accessible, affordable and financially self-sustaining. Founded in 1976 by Dr. G. Venkataswamy, Aravind Eye Care System today is the largest and most productive eye care facility in the world. From April 2007 to March 2008, about 2.4 million persons have received outpatient eye care and over 285,000 have undergone eye surgeries at the Aravind Eye Hospitals at Madurai, Theni, Tirunelveli, Coimbatore and Puducherry. Blending traditional hospitality with state-of-the-art ophthalmic care, Aravind offers comprehensive eye care in the most systematic way attracting patients from all around the world.

7.2 SKS India

Vikram Akula started SKS India with a mission of empowering the poor to become self-reliant through affordable loans. SKS believes that access to basic financial services can significantly increase economic opportunities for poor families and in turn help improve their lives. Since inception, SKS has delivered a full portfolio of microfinance to the poor in India and we are proud of our current outreach. As a leader in technological innovation and operational excellence, SKS is excited about setting the course for the industry over the next five years and is striving to reach our goal of 15 million members by 2012.

7.3 AMUL (Anand Milk Union Limited)

Dr. Verghese Kurien started a Co-operative organization AMUL. Amul has been a sterling example of a co-operative organization's success in the long term. It is one of the best examples of co-operative achievement in the developing economy. The Amul Pattern has established itself as a uniquely appropriate model for rural development. Amul has spurred the White Revolution of India, which has made India the largest producer of milk and milk products in the world.

7.4 Grameen Bank

Muhammad Yunus started Grameen Bank. Grameen Bank (GB) has reversed conventional banking practice by removing the need for collateral and created a banking system based on mutual trust, accountability, participation and creativity. GB provides credit to the poorest of the poor in rural Bangladesh, without any collateral. At GB, credit is a cost effective weapon to fight poverty and it serves as a catalyst in the overall development of socio-economic conditions of the poor who have been kept outside the banking orbit on the ground that they are poor and hence not bankable. Professor Muhammad Yunus, the founder of "Grameen Bank" and its Managing Director, reasoned that if financial resources can be made available to the poor people on terms and conditions that are appropriate and reasonable, "these millions of small people with their millions of small pursuits can add up to create the biggest development wonder."

As of May, 2009, it has 7.86 million borrowers, 97 percent of whom are women. With 2,556 branches, GB provides services in 84,388 villages, covering more than 100 percent of the total villages in Bangladesh.

7.5 Shri Mahila Griha Udyog Lijjat Papad

Shri Mahila Griha Udyog Lijjat Papad is a Women's organization manufacturing various products from Papad, Khakhra, Appalam, Masala, Vadi, Gehu Atta, Bakery Products, Chapati, SASA Detergent Powder, SASA Detergent Cake (Tikia), SASA Nilam Detergent Powder, SASA Liquid Detergent. The organization is wide-spread, with its Central Office at Mumbai and its 67 Branches and 35 Divisions in different states all over India.

The organization started off with a paltry sum of Rs.80 and has achieved sales of over Rs.300 crores with exports itself exceeding Rs. 12 crores. Membership has also expanded from an initial number of 7 sisters from one building to over 40,000 sisters throughout India. The success of the organization stems from the efforts of its member sisters who have withstood several hardships with unshakable belief in 'the strength of a woman'

8. RESEARCH METHODOLOGY

8.1 Research Methodology:

8.1.1. The research was conducted in Pune city.

8.1.2. 30 Social Entrepreneurs have been surveyed using simple random sampling technique.

8.2 Data Collection:

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Besides secondary data, the primary data was collected using a structured questionnaire and the questions were closed ended which were coded and cross-tabulated, keeping in view the context and objectives of the study.

8.3 Contribution:

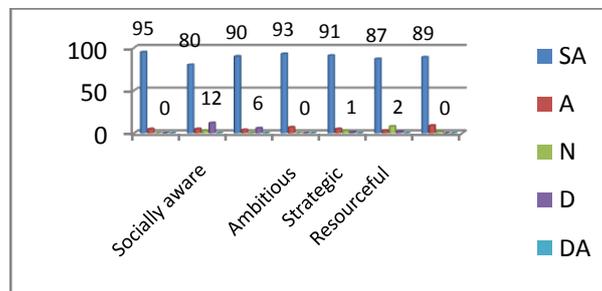
It will add value to understand the challenges faced by social entrepreneurs.

8.4 Data Analysis and Findings

Table 1: Qualities of Social Entrepreneurs

Qualities of Social Entrepreneurs	SA	A	N	D	SD
Innovator of New Service	95	5	0	0	0
Socially awareness	80	5	3	12	0
Ready to take risk	90	4	0	6	0
Ambitious	93	7	0	0	0
Strategic	91	5	3	1	0
Resourceful	87	3	8	2	0
Result Oriented	89	9	2	0	0

Graph 1: Qualities of Social Entrepreneurs

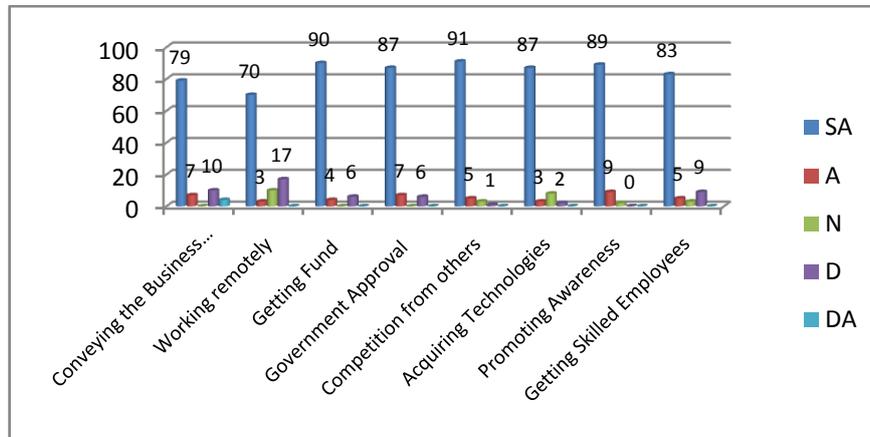


The above table and graph conveys that the social entrepreneurs should be innovators of new service, socially aware, ready to take risk, ambitious, strategic, resourceful and result oriented.

Table 2: Challenges Faced by Social Entrepreneurs

Challenges Faced by Social entrepreneurs	SA	A	N	D	SD
Conveying the Business Idea	79	7	0	10	4
Working remotely	70	3	10	17	0
Getting Fund	90	4	0	6	0
Government Approval	87	7	0	6	0
Competition from others	91	5	3	1	0
Acquiring Technologies	87	3	8	2	0
Promoting Awareness	89	9	2	0	0
Getting Skilled Employees	83	5	3	9	0

Graph 2 : Challenges faced by Social Entrepreneurs



The above graph conveys that the challenged faced by the social entrepreneurs are like conveying the business idea, working remotely, getting fund, government approval, competition from others, acquiring technologies, promoting awareness and getting skilled workers.

9. CONCLUSION

The author concludes that social entrepreneurship has emerged to a greater extent and is well appreciated. The bottom of the pyramid is getting benefitted due to social entrepreneurship. The social entrepreneur needs to be innovative, socially aware and ready to take risk. There are many challenges faced by the social entrepreneurs like conveying the business idea, working remotely, getting fund, government approval, competition from others, acquiring technologies, promoting awareness and getting skilled workers. Though these challenges exist there are many successful examples of social entrepreneurial ventures like Lijjat Pappad, Amul & Gramin Bank. There is lot of scope for social entrepreneurs in India.

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