

Role of Social entrepreneurship in socio-economic development- an empirical study

B.Parvathi Devi,(Ph.D)
Research scholar,
School of Commerce
REVA University

Dr. M. Lokanadha Reddy
Research supervisor,
School of Commerce,
REVA University

Abstract

Social entrepreneurship is not a newer concept but the positioning of the concept has risen to new heights in recent times. The definition of Social entrepreneurship clarifies that it is a fine combination of entrepreneurship and societal gains. In recent times, the concept has taken new identities and shapes, and has been accepted among wider areas. 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. This study examined social enterprise and its contribution on economic growth. The theoretical analysis provides that social enterprises are essential for economic growth and play a significant contribution in local economies through job creation, improving quality of life for the local people and provision of valuable social services.

Key words: Social Entrepreneur , Social enterprise, economic growth, Social issues,

.Introduction

Entrepreneurship is the core force of economic growth; the economic development which one experiences is just due the prevailing force of entrepreneurship. The commonality between all the developed nations all around the world is the presence of entrepreneurship. Economic development is totally based upon the growth of entrepreneurship and more the entrepreneurship is grown, infrastructure as well as all the indicators of development has also grown. In very short span of time, government of various states all around the world, have understood and underlined the importance of entrepreneurship. Thus governments have started working on the basic ground work/infrastructure required for the systematic development of entrepreneurship in their respective countries.

The entrepreneurship has many other types as well; it is divided on different traits and criteria, one of the criteria being Social. This type of entrepreneurship is very unique in nature and has different blends of components. Social entrepreneurship is the recognition of a social problem and the uses of entrepreneurial principles to organize create and manage a social venture to achieve a desired social change. While a business entrepreneur typically measures performance

in profit and return, a social entrepreneur also measures positive returns to society. Thus, the main aim of social entrepreneurship is to further broaden social, cultural, and environmental goals. Social entrepreneurs are commonly associated with the voluntary and not-for-profit sectors, but this need not preclude making a profit.

Objectives

1. To study social entrepreneurship and its basic framework.
2. To study the role and importance of social entrepreneurship
3. The Role of Social Enterprise in Economic Development

Methodology

The research methodology used for the paper is secondary in nature

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. 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 change makers— role models proving that citizens who channel their ideas into action can do almost anything.

Definitions

According to William Drayton, "Social entrepreneurs are people driven to make a social change in the world, as business entrepreneurs who strive to launch new products".

According to J Gregory Dees, "Social Entrepreneurship is the **art** and science of bringing Entrepreneurial Jest to social sector Zeal".

Social Enterprises- They are diverse in nature and range from local community enterprises and social firms to co-operatives and large scale organisations operating nationally or internationally such as SMGUL, SEWA,WIT, SHRUJAN, OXFAM, CRY, YMCA etc.. Social enterprise activity ranges from mission driven' activity to unrelated business activity to affirmative businesses. These Social enterprises fulfill double or triple bottom line unlike business enterprises.

Literature review

Earnest and Young in their report title "Social entrepreneurship-Emerging business opportunities" (2014) states that "Creating value for society in many countries the role of the government in the socio-economic domain is shifting towards privatization of public responsibilities. As a result, charities receive less public funds and social entrepreneurship is gaining momentum worldwide

A report title "Young Social Entrepreneurs in Canada" prepared by Canadian Centre for Social Entrepreneurship (2003) states that "Social entrepreneurship is characterized by an emphasis on 'social innovation through entrepreneurial solutions.' Socially entrepreneurial activities blur the traditional boundaries between the public, private and non-profit sectors, and emphasize hybrid models of for-profit and non-profit activities. Cross-sectoral collaborations are implicit within this model, as is the development of radical new approaches to address long-standing and complex social/economic problems. In the last decade, both the concept and practice of social entrepreneurship have been embraced in the U.S. and Britain. Subsequently, significant organizational and institutional resources have materialized in both these countries to encourage and support nascent social entrepreneurs and their activities."

Report by Swissnex India title "Social Entrepreneurship in India- Unveiling the unlimited opportunities" (2015) underlines that "Social entrepreneurship in terms of operation and leadership could be applicable to nonprofit organizations as much as for-profit social enterprises although in terms of activities and legal entity they are very different." Models for social entrepreneurship in India are Social for-profit enterprise, non-profit and hybrid model, which are discussed in detail in the following sections. In addition to the above-mentioned models, other ways of creating impact in India are through philanthropy and through Corporate Social Responsibility. India has been regularly receiving global philanthropic money. Recently there has been a rise in local contributions from wealthy individuals with short and long-term vision. A new breed of high-net-worth individuals from the corporate sector is looking at investing philanthropic money in the form of grants and impact investments. Currently strategic philanthropy in India is still at a nascent stage."

While, Robinson (2006, 95) explains social entrepreneurship as a process. It includes phases like, identification of a particular social problem and a solution to address it, the evaluation of the social impact realized, the sustainable model of the business that generate social-objective directed for-profit or a business-directed nonprofit entity that addresses the double (social & economic) or triple bottom line (social, economic & environmental). (Cited in Kickul & Lyons 2012, 19.)

Mendiguren (2013) brings the idea of social enterprise and development agenda together and promotes that the relationship of the two as an innovative ways to realized economic, social development insuring environment sustainability. Author have examine three prospective namely corporate social responsibility for multinationals, public-private partnership, and in author's words 'inclusive business' as 'base of the pyramid (BOP)' to attain Millennium Development Goals(MDGs) in development agenda. Likewise, Fischer and Comini (2009) in a paper presented in a EMES (International Research Network) conference on a title 'Social Entrepreneurship and Sustainable Development' have highlighted the parameters of triple bottom line i.e. social-environmental and economic referring the work of CETAS (Center for Social Entrepreneurship and Administration on Third Sector) in Brazil on widening the parameters to sustainable socio-economic and environmental.

Social entrepreneurs create new organizations, new markets, and new ways of thinking and behaving in solidarity with poor communities to provide basic services, such as renewable energy, clean water, health care technologies, education, and access to financial services. SEs devises highly affordable products and services that can be bought by people living on a few dollars a day, and creates businesses that can distribute these to poor communities. Many SEs come from the communities that they serve. Some SEs work with women and their specific socio-economic needs. (Austin, Stevenson, Wei-Skillern,2006)

The critics of the social entrepreneurship concept argue that attributing the crucial role to social entrepreneurship in the process of dealing with social problems, and especially in the creation of employment, is arbitrary and groundless (Cook et al, 2000). It is believed that social entrepreneurship system does not have the strength to offer a solution for structural unemployment. Another problem is the inability to measure social effects and social values that social entrepreneurship creates (Dees, 1998). It is difficult to establish whether social entrepreneurship justifies the invested resources in the economic and social sense, and whether it contributes to social development.

Roles and responsibilities of Social Entrepreneurs towards the society

As mentioned earlier all the societies provide best grounds for social entrepreneurship to prevail and grow to its best. Developed societies have limited scope for social entrepreneurship, as the social inequalities are minimalistic. On the other hand, social inequalities are at its maximum in underdeveloped, developing and least developed nations. The responsibility of any entrepreneur is highly and prominent in nature, but when it comes to social entrepreneurship or social entrepreneurs, they are inevitable for social up liftment. As our experience has told us again and

again that social value creation, social gains and social changes can only be achieved by selfless people, who apply entrepreneurial skills along with managerial skills for societal gains and non-personal profits. These selfless people are termed as social entrepreneurs. The roles and responsibilities of social entrepreneurs are given as under -

1. Social entrepreneurs have the capacity to influence the society by their unique product/service aimed at the social upliftment. Their role begins with identifying the social problem which concerns everybody rather than certain sect of people in society. So identifying an appropriate social issues/problem is very important.
2. Social entrepreneurs in general face certain problems related with mindset of people who do not want to change their way of doing things. The biggest role of social entrepreneurs is pursuing them to make fundamental changes, which will reflect in overall society
3. Social entrepreneurship depends upon social innovations; the challenge is to create such innovations which can resolve the social problem completely by using minimum resources.
4. Social entrepreneurs have the role to reach at the remotest corner of country for targeting the social sections, which are deprived to basic facilities. The responsibility of social entrepreneurs is to reach such people and serve them positively.
5. Social entrepreneurs are supposed to provide employment as well with their unique approach. Providing employment to local people having minimum skills and qualifications is biggest responsibility of social entrepreneurs.
6. One of the important roles which social entrepreneurs have to play in the under developed society is to make visible changes in societies with social balancing approach.
7. Social entrepreneurs have to make the society's inequalities go away using positive methods. This can be done by doing proper and adequate research of the section of the society where the product/services have to be introduced.

Apart from the roles and responsibilities mentioned above, there are certain other roles and responsibilities as well which are shouldered by social entrepreneurs. With changing time and dimensions of society, the needs and requirements are also changing along with it. Social entrepreneurs have to be in tune with changing societies. In the present times most of the one of the societies are rapidly changing and revamping towards greater shifts. These changes and developments are within reach to few and away from a lot, this difference has to be fulfilled by the social entrepreneurs and that is their greatest role.

How social entrepreneurship can develop the economy

Social entrepreneurship can Improve or develop the economy by following some of these main aspects;

Creation of jobs

Social entrepreneurship is a basic source for the creation of jobs or employment According to Aimee Meade (2013), “Not only can social enterprises offers more employment they can act as a campaigner and advocates for employing people from outside the usual aspects.” There are a lot of opportunities, which are created by Social Entrepreneurship for unemployment. Paul Wilson (2011) suggested that “Social enterprises have two intersecting roles when it comes to employment. One is that employers in their own right aspire to be excellent employers and seek employment as a central part of their remit. The other Is the sector’s role as advocates and catalysts In demonstrating that employing people from outside the existing employed workforce Is not only a good thing, but also the right thing to develop their businesses as well as the economy of country”.

Innovations

Social entrepreneurs are also known as innovators and innovation shows a direct impact on the economy of any country. Social entrepreneurship is also popular for creative industries and creative economies. Innovations always help to boost the economy. Hilde Schwab (2011) said, “Social entrepreneurs and their innovations promoting inclusive economic growth.” According to Miraj Schoening (Head of the Schwab for social entrepreneurship) explained that “Social entrepreneurship is the driving force behind the innovations that improve the quality of life of individuals around the world, which also helps in developing the economy.”

“All over the world during the past decade, there has been a phenomenal surge of interest in social innovations as a way to achieve sustainable economic growth”, (Urama, 2013). According to the Jude Borroso (2009), “The financial and economical crisis makes creativity and innovation in general and social innovation in particular even more important to foster sustainable economic growth, secure jobs and boost competitiveness”.

Enhancing Social Investments/Trade

Social Entrepreneurship is a key source which brings different social investment and trades. According to Tim Rann (2014), “Social entrepreneurship includes micro finance, fair trade, triple bottom lines companies, B corps, incubators and other for profit business or non profit market interventions with a defined and measurable social impact”. Social entrepreneurs also contributing to the dynamic shift in social justice, cultural sustainability and economic development around the world (Trapp, 2015).

Impact investment is fully correlated with social entrepreneurship. Impact investing is defined by Global Impact Investing Network (GIIN) as “investments made into organizations, funds and companies with the intention to generate social and environmental impact alongside a financial return” (US advisory board on impact investing, 2014). GIIN emphasize “ the importance of intentionality in actively seeking direct investments in social business/enterprises with high social and environmental impact outcomes as well as an expectation of financial return. This shows that how social entrepreneurship enhances the investment in the economy of the country.

Poverty alleviation

Social entrepreneurship is viewed as a way of combating poverty, with the pursuit of an entrepreneurial strategy (Diochon, 2013). “Many studies indicated that opening up of trade has a positive International impact on poverty reduction” (Khurshid, 2013). Social entrepreneurship has a promising approach to eliminate the causes of poverty, which helps in boosting the economy. Social entrepreneurship makes ventures that may be for benefits or nonprofit, yet the need is frequently on utilizing market oriented exercises to create framework change that enhances the lives of individuals. Social entrepreneurship has a specific capacity in the financial ecosystem (Barham, 2013). According to Mead and Lieholm (1998), social entrepreneurship is a successful means of financial advancement and poverty alleviation in bankrupted and lower income areas of the world. The consequences of social entrepreneurship on eradication of poverty and increases income for the beneficiaries of microfinance are at best inconclusive (Kareem, 2015).

In addition to the above the social enterprise sector can be viewed as a crucial driver of economic translation. Social enterprises capitalize on growing consumer demand for values-oriented goods and services. They offer an opportunity for non-profits with revenue-generating activities to sustain and expand their services and products. For many entrepreneurs and small businesses with social mission, a social enterprise model makes it possible to make ends meet and begin to fill the gaps in rural social and environmental services. In persistently distressed communities, social enterprises can explore and grow market opportunities that wouldn't exist otherwise. And by pursuing double or triple bottom line results, social enterprises and social entrepreneurs acts as change agents, gradually shifting the economy toward one that promotes sustainability and broadly shared benefits.

However, social enterprises seek to add to economic development through the creation of jobs and entrepreneurial ventures. This in addition provides social services that support the economy by improving quality of life for the local workforce (e.g. health care for the poor, vocational job training for high school graduates, substance abuse counseling for ex-offenders etc.).

By taking the case of Greyston Bakery in Yonkers, New York, an established gourmet bakery that has been in business since 1982. Since the mid-1980's, the Bakery has dedicated itself to hiring the chronically unemployed, offering on-the-job training, housing, child care, and health care to displaced workers and the homeless. Under the guidance and vision of an award-winning chef, the Greyston Bakery is now the second highest rated bakery in New York City and one of Ben and Jerrys largest suppliers. All after-expenses revenues from the Greyston Bakery go to the Greyston Foundation, a nonprofit organization dedicated to helping the poor and afflicted.

In addition, Rubicon Programs Incorporated as a non-profit organization that, since 1973, has built and operated affordable housing and provided employment, job training, mental health, and other supportive services to individuals who have disabilities, are homeless, or are otherwise economically disadvantaged. Its primary vehicle for doing so, however, has been through two

successful social enterprise ventures which employ Rubicon clientele: Rubicon Landscaping Services and Rubicon Desserts. The profits for these businesses are funneled back into Rubicon's social service programs, which aim to support the very individuals that work for them.

Conclusion

Social entrepreneurship is a complementary economic approach that is based on value creation and operates by its own rules and logic. Yet, it is an approach that seems able to address some of the most pressing problems in modern society. Although we cannot build on an overall accepted definition of social enterprises so far, we might agree on the observation that they are the most innovative actors in local economic development today. To conclude, the previous studies on social enterprise – economic growth have largely proved that SE have positive effect on economic growth through job creation and increasing income levels. The studies found that social capital and human capital are significant factors for SE success. For years, social enterprises have been playing an integral role in local economies worldwide. These enterprises employ creative and innovative methods of helping the poor and disenfranchised. They also offer a self-sustaining means of providing a valuable social service. While the economic benefits of these entities is substantial, services and support must be available to social entrepreneurs that lack the business know-how needed to operate in a competitive marketplace.

References.

1. Moga Tano Jilenga-Social Enterprise and Economic Growth: A Theoretical Approach and Policy Recommendations- International Journal of Academic Research in Accounting, Finance and Management Sciences Vol. 7 (1), pp. 41–49, © 2017
2. Rosdiana Sijabat- The Role of Social Entrepreneurship in Enabling Economic Opportunities for the Poor: A Synthesis of the Literature and Empirical Works I- International Journal of Business and Social Science Vol. 6, No. 11; November 2015
3. Tripda Rawal- A study of Social Entrepreneurship in India- International Research Journal of Engineering and Technology (IRJET) e-ISSN: 2395-0056 Volume: 05 Issue: 01 | Jan-2018
4. Dr. Partap Singh- Social Entrepreneurship: A Growing Trend in Indian Economy- International Journal of Innovations in Engineering and Technology (IJIET)
5. Dr. Brijesh Sivathanu , Dr. Pravin V. Bhise- Challenges For Social Entrepreneurship- International Journal of Application or Innovation in Engineering & Management (IJAIEM) ISSN 2319 – 4847
6. Chinonye Love Moses , Maxwell Ayodele Olokundun- Social Entrepreneurship: An Effective Tool for Meeting Social Challenges and Sustainable Development- Entrepreneurship and Innovation Management Journal <http://absronline.org/journals> p-ISSN: 2310-0079, e-ISSN: 2311-1836
7. Report on “Social Entrepreneurship in India-Unlocking the unlimited opportunities”, by swissnex India, 2015.