

Social Entrepreneurship

DIMENSIONS

&

DEVELOPMENT ORIENTATION



St. Mary's College

Shirva-574 116, Udupi Dist.

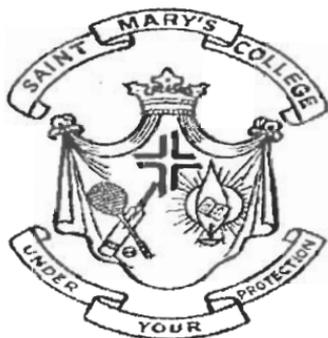
SOCIAL ENTREPRENEURSHIP: DIMENSIONS AND DEVELOPMENT ORIENTATION

*Thanks for helping me in
crisis*

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Opportunities & Obstacles for Social Entrepreneurship in India

Dr. A S Vasudeva Rao*

Background

An entrepreneur is known to exploit opportunities, in the face of any resource constraints. Typically a business opportunity is identified by the entrepreneur and assessed for its feasibility, and thereafter a new venture is created. In a broader frame work, the definition of entrepreneur is

"A person who habitually creates and innovates to build something of recognised value around perceived opportunities"

This is one of the definitions, while a few more definitions have been framed by researchers and academicians. In this definition, the phrase "some thing of recognized value " is broad based to include all types of venture outputs which lead to value addition to the end user, and /or to the people in a society.

Entrepreneurship by no means is confined solely to economic institutions (Drucker, 1985). The term social entrepreneurship is relatively recent one attributed to an innovator in social sector.

Social entrepreneurship can be considered as a subset of entrepreneurship. Social entrepreneurship is the work of a social entrepreneur.

A scan of current definitions of social entrepreneurship reveals definitions such as the following:

- ❖ Creation of viable socioeconomic structures, relations, institutions, organizations, and practices that yield and sustain social benefits.
- ❖ Use of entrepreneurial behavior for social ends.
- ❖ Art of simultaneously obtaining both social and financial return on investment.

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A social entrepreneur is some one who recognizes a social problem and uses the entrepreneurial principles to plan and organize resources to create and manage a venture, primary focusing on social changes. There lies the clear difference between social entrepreneur and business entrepreneurs. Social entrepreneur measures the success of the venture in terms of the impact the venture makes on the society and the societal value and transformation. In some cases, the social entrepreneur may also engage in creation of economic value. However, for the social entrepreneur, economic value is a means to an end rather than an end in itself. Therefore he leverages the idea and innovation to apply it for common goal rather than for individual gains. In case of a business entrepreneurs, the performance of the business, i.e., economic returns profit is the key measure.

Besides, social entrepreneurs work through non-profit organisations and citizen groups in private / governmental sectors. Social entrepreneurship offers potential for innovative solutions to a country's most distressing problems like extreme poverty and hunger and so on.

The difference between social and business entrepreneurship are on account of four major variables:

- ❖ Market failure - will create different entrepreneurial opportunities for social entrepreneurship and business entrepreneurship
- ❖ Mission - results in fundamental differences between social entrepreneurship and business entrepreneurship
- ❖ Resource mobilization - will require different management approaches in social entrepreneurship and business entrepreneurship
- ❖ Performance measurement - social entrepreneurship will necessitate the measurement of social value in additional to commercial value

Tracing the history of social entrepreneurship, the term was first used in the literature on social changes in 1960 and 1970s. Thereafter the spread was fast and by 1970s. Bill Drayton is well

known as the founder of Ashoka: Innovators for Public and others. From 1950 to 1980s, Michael Young was a leading promoter of social entrepreneurship, and at that time was considered as the world's most successful entrepreneur of social enterprises. He created over 60 new social enterprises world wide.

Though the term social entrepreneurship appears to be a few decades old, in the history, it is noteworthy that work of many great people truly reflect social entrepreneurship. These names would include Florence Nightingale (founder of first nursing school and developer of modern nursing practices). Robert Owen (founder of co-operative movement), Vinobha Bhave (founder of Bhoo dan movement in India). During the past two decades, many corporate have embarked on projects involving solutions for social issues and problems, particularly prevailing in rural / tribal areas, underdeveloped regions and in sectors such as literacy, education, health care, sanitation, poverty alleviation environment degradation and so on. The term used here is Corporate Social Responsibilities (CSR). For example Tata Steel, Jamshedpur, which completed 100 years of its operation in 2007 can be considered as the beacon of Indian corporate scenario, for having launched several development programmes under its CSR plan. Setting up of a steel plant in India in the beginning of 20th century at Jamshedpur, surrounded by tribal belt, by Jamsetji Tata (J.N. Tata) is considered as a symbol of love to Mother India, as a symbol of renaissance and patriotism in an age of bondage, awakening to the idea of freedom, and above all service to the poor and the downtrodden. Today the company, besides its saga of steel making to the nation has and in its strong commitment for welfare of people, improving the living conditions of large number of tribal colonies in the surrounding areas of the steel city.

Under social entrepreneurship the organizational mission can emerge from different sources, philanthropic foundations, government subsidies, private donations, and earned income. In the present day context, when our nation has been experiencing a tremendous development in entrepreneurship, the economic impact

created by business enterprises is very visible and dynamic. Together with this, the individuals, groups of people, and Indian corporate and NGOs have actively engaged in social entrepreneurship to address crucial developmental needs and problems faced by the society in general, and in specific regions, sectors / communities in particular. Such social enterprises have focused on improved literary, basic needs of people, women, adults, and health care, sanitation, drinking water, auxiliary income generating activities farming and agriculture development, self employment through micro financing as well as employment generation and so on. A standing example of social entrepreneur is the founder of Grameen Bank and its growing family of social venture business i.e., Muhammad Yunus who was awarded Noble Peace Prize in 2006. It is evident that while achieving social objectives, due attention may also be required to develop economic missions, resulting in the double bottom line. Long term success in such cases requires appropriate balance.

It is also important to understand that capital intensive or skill intensive sectors would not address poverty. To immediately affect poverty, the focus must be directed towards providing opportunities in labour intensive, low skill sectors e.g garment manufacture.

Co-operative farming and plantation activities in South India by Baldev Farms involves cultivation of banana over 250 acres and the operating surplus is ploughed back for improving economic status of the workers and for running the charitable activities of the Foundation. Worldwide, across many nations, the social enterprise movement has already spread. Research work is carried on social entrepreneurship, to investigate further on its role in community regeneration, employment and growth strategies.

The well known management thinker, Peter Drucker, once wrote that there was nothing as entrepreneurial as creating a new university. Yet in most developed countries, the majority of university funding comes from the government. In this respect, we have standing examples of social entrepreneurship, inspired by great visionary social entrepreneurs who established, with a small

beginning in primary education and health care areas, and then accelerated the growth to reach to professional education and establishing universities (examples: Dr. T. M. A Pai, Dr. Veerendra Heggade, a number of Church missionaries).

Social entrepreneurship describes a set of behaviours that are exceptions. These behaviours should be encouraged and rewarded in those who have the capabilities and temperament for this kind of work

Let us now look into the various opportunities and obstacles / issues for social entrepreneurship in India.

Opportunities and Obstacles

India is a vast country surrounded by seas in the East, South and West and mighty Himalayas in the North. The geographical terrain, temperature variation, rainfall pattern differ. Languages spoken, culture, and customs have many variants and religious origins are not single, as in many countries. The country has a large number of villages, except for a few major metros, cities and towns. Majority of our population lives in rural areas, dependent on agriculture for their livelihood. But agriculture activities often face uncertain rains, weather conditions as well as draught. Literacy level in the rural area is low. Poverty and ill health often are the severe problems faced. The three main inter linkage factors i.e., illiteracy, poverty and ill health are predominant ones, which stand as the critical base on which the social entrepreneurship mission could be built to resolve this pressing problems. The spin off from these problems are many such as low or underemployment, unemployment, malnutrition, epidemics, poor sanitation and hygiene, women and childcare issues, social taboos, destitution, homelessness and so on.

To address these problems in India, social entrepreneurship programmes has come forward, both in non-profit basis and for profit basis. Philanthropists, corporate and group of people have embarked on social enterprises having innovative ideas. To list a few such areas of opportunities so far explored is as follows:

a. Labour intensive, low skill manufacturing activities in rural / tribal areas garments, assembly of gadgets, food items, office stationary, footwear, hand made paper / khadi cloth, village soap and so on.

These provide income generating activities to poor people

b. Co-operative or community farming

c. Collection and processing of minor forest produces in hilly / tribal areas.

d. Raw material supply and marketing services for village industry produces

e. Handicraft complexes, and web based marketing support

f. Marketing yards, storing and grading facilities to get better prices for farmers

g. Woven garment manufacture

h. Co-operative plantation programmes, banana, spices etc.

i. Agriculture services, logistics (e-choupal) and crop production / nutrition info services

j. Community sanitation projects

k. Solar lighting / heating; (community based for villages)

l. Poultry / fishing & piggery farming

m. Spices, herbal formulation, agarbattis etc

n. Agro-waste reprocessing opportunities, (e.g. coir, pitch, husk, ash)

o. Potable, clean water sourcing and supply, water conservation

p. Primary health care, disability, blindness and eye care

q. Adult literacy programmes, primary education

r. Leadership development, self awareness

s. Women & child development; nutrition

t. Emergency health care services

u. Disaster management, low cost housing solutions

v. Care for homeless persons, and elderly persons

w. Vocational skills for rural youth

x. Micro finance projects

The above examples of social enterprises, both non-profit basis and for-profit basis have been promoted. We cannot generalize that all these ventures have achieved the social objectives and created social value and impact on social welfare of beneficiaries. Of late,

individuals with good education and corporate work experience also have got into social entrepreneurship. Youth social enterprises are also upcoming phenomena. Corporate i.e., Tatas, Birlas, Infosys, Wipro and many public sector organizations have created Foundations to help beneficiary group / target areas with clear social objectives and mission.

Tata Steel has a long tradition of social responsibilities and a number of Adivasi villages have been adopted to support agriculture development, literacy, poverty, health care and housing etc. The passage of time has marked the changes in Adivasi society with the illuminating features of Tata industrial family. The story unfolds many such successful cases of other social enterprises supported by industries.

A unique case of social entrepreneur; is of Mr Sethu Sethunarayanan, in Tamilnadu. He founded Centre for Development of Disadvantaged People,(CDDP) as a non-profit NGO. He used technical route for innovation, to design a device for Irula, a tribal community. Irulas live in forest and field areas, and their livelihood was mainly by catching rats and killing as well as eating it as their food. The traditional gadget used for smoking for rat catching resulted in smoke related health issues, burning of body parts and ill health. There are over 3 millions poor Irulas, majority in South East India. The new gadget of Mr Sethu made Irulas more productive in their daily job of catching rats, reduced health problems, provided training and manufacturing skills to Irula girls, and created impact on social life and awareness. The project was awarded the prestigious Global Development Market place grant of \$98,500 to CDDP. Mr. Sethu is a highly committed and visionary social entrepreneur indeed.

Besides opportunities, let us look at some of the obstacles / issues in promoting and operating social enterprises. There are also concerns of scaling up social enterprises and funding issues. These are briefly presented as follows:

- a. On macro perspective, the truly innovative social enterprises should target large section of society and the impact should be significant. For such organizations, management capability of

those social enterprises, their leadership and integrity are the key issues.

- b. Truly to have a double bottom line operation, i.e., both not-for-profit and for-profit orientation in a single social enterprise, it would have advantages as well as disadvantages, particularly, on the transparency and ethical issues.
- c. Fund raising for such social enterprises with double bottom line may pose difficulties, particularly for scaling up the operations.
- d. **Strong networking within the country** as well as from donors from abroad could be enabled, but likely interference from political frame work at State / Central government level may become an issue.
- e. On micro perspective, clubbing of social impact and commercial objectives may create marketing issues of products / services.
- f. Consequence of social venture failures, and measurement of true impact on society by well performing units, has to be kept in mind.
- g. Need for trained managers to lead social entrepreneurs is to be appreciated
- h. Need has been felt to create awareness and to foster education and research on social entrepreneurship at University, B-school level.

Conclusions

In summary, I would conclude that the promotion of social entrepreneurship in our country as well as at global level has vast scope and potential. From study of a number of cases, it is observed that highly successful social entrepreneurs need to be i) willing to self correct, ii) willing to share credit, iii) willing to cross the disciplinary boundaries. iv) willing to work quietly, v) willing to break free of established structures and vi) willing persons with strong ethical impetus. Social entrepreneurs, world over can create significant changes in the society, with their power of ideas, ethical fibre and entrepreneurial spirit.

Let social entrepreneurship gain further momentum in India and grow further with a great mission and social impact. ■