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An Empirical Analysis of Social Entrepreneurship in the New Millennium Era

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Abstract

The unemployment rate is increasing in the country, resulting in an exacerbation of the disparity between the rich and poor. The poorer are unable to earn the necessary quantity for their sustenance. The world has experienced a significant transformation in the previous two decades. Social entrepreneurship has manifested a transformation in social status. Social entrepreneurship is a mechanism that helps address social issues. It possesses a characteristic of profitability. In addition to their goal of fostering social change, they also associate a specific level of profit with their products. The rise in the number of social entrepreneurs will assist the economy in addressing the prevailing social concerns. Social entrepreneurship is essential at this time due to the country's population living below the poverty line. Numerous constraints impede the emergence of social entrepreneurship inside our economy. Enhancing social entrepreneurship will facilitate economic growth and thereby elevate the level of living for individuals. The present study focuses the increasing tendencies of social entrepreneurship in developing nations such as India, along with its future potential and problems. This paper also seeks to demonstrate how the advancement of social entrepreneurship might address societal issues overlooked by numerous business and governmental entities. India faces numerous hurdles in the advancement of social entrepreneurs. Today,

nonprofits, non-governmental organizations, foundations, governments, and individuals contribute to the promotion of social entrepreneurs throughout many countries.

Keywords: *Social Entrepreneurship, Social Entrepreneur, Social Change*

Introduction

India's growth story over the last two decades is now well known and acknowledged. Despite global challenges, economic organizations have forecasted India's growth to exceed 6.9 percent in the forthcoming financial year. Entrepreneurship and the startup ecosystem have driven the nation's growth narrative in the past decade. We possess more than 77,000 registered startups and, with 108 unicorns, rank third globally, following the United States and China. India is still behind on most social and developmental indicators, even though it is taking big steps to deal with problems like poverty, inequality, and not having enough access to basic services. The 2021/22 Human Development Index ranked the nation 132nd among 191 countries and territories. Despite a reduction of around 415 million impoverished individuals in India during the past 15 years, the nation continues to possess the biggest population of impoverished individuals and children globally, as reported by the Global Multidimensional Poverty Index.

Although entrepreneurship is crucial for sustaining India's growth narrative, its conventional and "single-variable optimization" approach is unable to address the nation's intricate difficulties. This is the domain of social entrepreneurship. The term social entrepreneur, popularized by figures such as Bill Drayton, founder of Ashoka India, denotes an individual who utilizes the methodologies of conventional entrepreneurship—risk-taking, customer-focused innovation, resource mobilization, and advocacy—to tackle challenges related to inequality, poverty, and climate change. Social entrepreneurship is not a novel concept. Four decades ago, Mohammed Yunus established microfinance in Bangladesh and subsequently received the Nobel Peace Prize for his efforts in 2006. Aravind Eye Care, a distinctive hybrid form of eye care (both for-profit and not-for-profit), has been expanding its operations since the 1980s. The concept of social entrepreneurship can serve as an effective instrument to

address these societal issues. They aim to benefit society while also generating income. They have initiated social change in the economy by offering improved solutions to social issues.

Review of Literature

Singh (2012) India is experiencing a growth in social entrepreneurship and attempts are made by social entrepreneurs to find reasonable solutions to various social problems of society. Social entrepreneurs have to become more dynamic as the technology is changing.

Bulsara, Gandhi, Chandwani (2015) Social Entrepreneurship in India has taken a new concept of Corporate Social Responsibility (CSR). The paper states that the Indian entrepreneurs are made responsive of their social responsibility as a significant business segment but CSR in India has yet to receive widespread recognition.

Rawal (2018) Social entrepreneurship is facing a lot of as the growth of social entrepreneurship is very low as compared to the other regions in developed nations. Social entrepreneurship is a considered as best combination of social service and entrepreneurial skills to look for social problems.

Bansal, Garg, Sharma (2019) the definition of social entrepreneurship should be standardise and government should help social entrepreneurs in overcoming hindrances from their path.

Objectives of the Study

- To appreciate how Social entrepreneurship can bring social change
- To identify the future opportunities for Social entrepreneurship

Research Methodology

This study is based upon information collected through secondary source. The required information has been gathered through web source, Journals, articles, research reports.

Social Entrepreneurship Unlocking India's Strength

Social entrepreneurship is a worldwide phenomenon, with India providing a conducive environment for these initiatives due to its considerable social challenges and supportive ecosystem. Social entrepreneurs are receiving worldwide acknowledgment, as several organizations collaborate with them to synchronize their economic objectives with social effect. Social entrepreneurship employs entrepreneurial endeavors to address societal challenges, particularly in areas where conventional models are inadequate. Recent studies indicate that social enterprises signify a pivotal transformation in the manner in which businesses tackle social issues. Approximately 10 million social enterprises globally represent about 3% of all businesses and provide roughly 2% of the global Gross Domestic Product (GDP). They employ more than 200 million individuals and create around \$2 trillion in income, roughly twice that of the worldwide advertising sector. India, China, and the United States are home to the highest concentrations of social companies. India, boasting over two million social entrepreneurs, is a global leader. These initiatives enhance the lives of marginalized communities through employment, education, healthcare, poverty alleviation, and sustainability. Recent studies indicate that India's social sector expanded by 13% annually over the past five years, constituting 8.3% of GDP in FY2023, approximately \$280 billion. Although state spending continues to be the principal source of social expenditure, there has been a significant rise in corporate philanthropy and a moderate increase in corporate social responsibility (CSR) and high-net-worth individual (HNI) contributions.

As we approach the 15th Annual Social Entrepreneurs of the Year (SEOY) Award in India—a collaboration between the Schwab Foundation for Social Entrepreneurship, an affiliate of the World Economic Forum (WEF), and the Jubilant Bhartia Foundation—it is evident that this alliance has been pivotal in fostering a supportive community. This project highlights the significant contributions of social entrepreneurs in India while linking them with

international corporations and prospective donors via the WEF and Schwab Foundation network.

A recent Schwab Foundation report highlighted key areas that need attention to enable social enterprises thrive within their resource constraints. Some of the challenges which need to be tackled are:

- **Ease of doing social business:** The “ease of doing business” mantra must be extended to social sector. A streamlined approach to regulations is essential. Implementing a single-window clearance system at both central and state levels would enhance the ease of operating in the social sector. Establishing a dedicated ministry or department or a point of reference in the government to oversee this initiative could significantly improve the business environment for social enterprises.
- **Robust framework at the state level:** Social innovators working with state governments face various challenges, including procurement, finance, and regulatory requirements. A supportive state-level framework is crucial to facilitate effective implementation of social schemes. It is necessary to recognise social enterprises as distinct from non-profit organisations for meaningful engagement.
- **Access to capital:** Social enterprises often struggle to attract traditional investors due to their focus on social and environmental impact rather than profit. Supportive regulatory frameworks, impact-focused incubators, accelerators, venture capitalists, innovative funding schemes, CSR funding, hassle free clean overseas contribution and competitive bank loans are essential. The Social Stock Exchange is a start, but more progress is needed.
- **Corporate partnerships:** Corporations should integrate social procurement, market linkages, and CSR outreach programmes into their core strategies to drive social innovation and contribute to a more equitable, sustainable, and inclusive society.

- **Increased social procurement:** For a supportive ecosystem, encourage public and private sector procurement from social enterprises to help reach larger audiences and ensure impactful spending.
- **Showcasing change agents:** Integrating community-led solutions, social innovations, and prioritising diversity and inclusion can amplify social enterprises' effectiveness as change agents. They should establish a forum to present their initiatives to the government and society.
- **Social return on investment:** Social enterprises should ensure impact assessment as requisites to demonstrate accountability, depict resource utilisation and help to beneficiaries and investors. This would organically reinforce building trust and reliability towards social efforts.
- **Leveraging Artificial Intelligence (AI):** To bridge structural gaps and scale their impact, social enterprises should adopt emerging technologies, particularly AI. Large corporations can play a crucial role by supporting the development of new solutions and enhancing efficiencies.
- **Retaining skilled workforce:** Social enterprises' encompass a multifaceted spectrum influencing grassroots to boardrooms, operating in rural and underserved areas. Offering competitive salaries compared to private sector is difficult and becomes a challenge in terms of retaining skilled talent. Meaningful secondment and employee internship from large corporate can help bridge this need.
- **Building a narrative:** There is a need for greater recognition and understanding of social enterprises' operational models and impact. Developing comprehensive communication and outreach strategies can help bridge the gap between social entrepreneurs and stakeholders such as consumers, investors, policymakers, and potential employees. Effective forum or a coalition of the social entrepreneurs is a must.

Social entrepreneurship is a global phenomenon with India offering a fertile ground for these ventures due to its significant social challenges and supportive ecosystem. Government initiatives are fostering innovative solutions. We need to strategically position social entrepreneurs to help India become a developed economy by 2047 and a net zero-carbon country by 2070. To advance this sector, we must build trust, provide support, and actively participate in its growth.

The Future is Bright for Indian Social Enterprise

India is among the most populous countries globally, and despite its significant impact on the global economy and innovation, both the public and private sectors are still addressing the challenges of elevating nearly 180 million residents currently living below the poverty line to a healthy and secure standard of living. The on-the-ground realities of running a social venture remain daunting, but high level is pointing to a bright future for India's social entrepreneurship scene. Here's why:

Digital India Initiative

The Indian government, led by Prime Minister Narendra Modi, initiated the Digital India program, valued at INR 1,13,000 crores (about USD 18 billion), to turn India into a digitally enabled society and knowledge economy by 2019. Key priority areas are delivering broadband internet access to nearly 200,000 villages, facilitating mobile connections and bank accounts for digital and financial inclusion in 42,300 villages, and achieving universal digital literacy. These movements will provide transformative leverage for social entrepreneurs. In a Forbes magazine article, Tom Watson asserts that the emergence of social enterprises in America from the mid-1990s to the present closely aligns with the advent of instant communication, widespread access to extensive knowledge, and the sharing of data and applications by millions through an open, freely accessible, yet commercially viable internet. The objective of Digital India is to establish a framework for social entrepreneurs in India, analogous to that developed in the United States. This infrastructure enables several social companies, such as Tana Bana, which

collaborates with craftsmen, traders, weavers, and other creatives in rural regions, to significantly enhance their economic opportunities by connecting with national and international clients via internet platforms. This will eradicate the necessity for intermediaries and highlight obscure rural handicrafts, textiles, and arts. Various initiatives aimed at knowledge acquisition will also gain advantages, including Project ECHO, which establishes networks among rural and expert healthcare providers; AISECT, which addresses the digital and educational disparities between urban and rural India; and In Venture, which employs mobile technology to develop a digital financial record for the rural impoverished. Increased internet penetration in rural India will result in approximately 68% of the total population being online. Addressing a complicated social issue typically requires the engagement of multiple stakeholders. As the Digital India campaign hopes, a lot of people will accept and use digital technology. This will help an entrepreneur a lot in their efforts to promote social innovation and bring remote communities into the mainstream of economic and human development.

Growth of A Favourable Investment Ecosystem

The Government of India is significantly fostering entrepreneurship throughout the nation. During the Twelfth Five-Year Plan (2012–2017), the government prioritized bottom-of-the-pyramid (BoP) firms and social good initiatives, designating the period from 2010 to 2020 as the "Decade of Innovation." It is dedicated to assisting social entrepreneurs in capacity-building by investing seed capital through a new fund named the India Inclusive Innovation Fund (IIIF) in the sectors of healthcare, energy, urban infrastructure, water, and transportation. IIIF has been funded at INR 5000 crores (USD 780 million) and will be distributed to social enterprises over a decade commencing in 2010. This fund will source twenty percent of a social venture's capital, while private investors must provide the remaining eighty percent. Alongside governmental participation, the private investment landscape has markedly enhanced over the past decade, especially in the last five years. Impact investors, social enterprise incubators, and philanthropic organizations

are becoming significant contributors in the field. A research study by the German Society for International Cooperation in 2012 revealed that 70% of impact investors and 56% of incubators in India were within their initial five years of operation. Despite the overall investor numbers, both domestic and foreign, being less favorable compared to industrialized nations, there is significant activity in the impact investing sector in India. The paper "Leveraging CSR Policy to Develop the Impact Investing Market in India" indicates that the social good sector in India has attracted impact investments amounting to USD 1.6 billion over the past decade, benefiting over 220 firms. According to the revised Corporate Social Responsibility regulations outlined in Section 135 of the Companies Act 2013, corporations are mandated to allocate a minimum of 2% of their average net profit from the preceding three years toward CSR initiatives. Presently, these standards forbid investment in for-profit business structures. Nonetheless, this will still yield an estimated USD 2.5-3.3 billion in CSR cash annually for Indian social enterprises. As of 2010, the Indian social good sector has an estimated financial demand of INR 32.5 trillion (USD 650 billion), indicating significant underfunding and substantial opportunity for impact investors both in India and globally.

Myriad Opportunities to Create Impact

India has committed to achieving 8 Millennium Development Goals by 2015, as stipulated by the United Nations Development Program (UNDP). India's performance toward these objectives is varied. Some goals have been met, like lowering the percentage of people living below the poverty line and increasing the number of kids in primary school. But other goals, like the number of women working outside of agriculture and the percentage of people with better access to sanitation, are still cause for concern. This scenario offers a prime opportunity for social entrepreneurs to discern pathways for positive impact aligned with the MDGs and thus support national initiatives. Generations have cultivated diverse arts and handicrafts in India, an expansive nation. An estimated 6 million artisans live in the country, primarily women and individuals from economically disadvantaged backgrounds. According to

E&Y, about 77% of these individuals originate from rural areas. Low literacy rates, inadequate access to financing and modern production methods, exploitative intermediaries, and competition from mass-produced goods severely hinder the industry's progress. This presents numerous possibilities for proficient social entrepreneurs to integrate craftspeople into the mainstream economy, leverage their distinctive skills, and eventually enhance the prosperity of their homes.

The Sun is Rising for India's Do-Gooders

India's complex and varied social and cultural landscape, large economic gap between cities and rural areas, and low human development index make it necessary to handle its many problems in a skilled way. Difficulties present opportunities: targeted government policies, rapidly increasing investment interest, and untapped entrepreneurial vigor have equipped India to directly confront these difficulties.

Conclusion

The context of contemporary societal issues is evolving swiftly, despite notable advancements in numerous current obstacles. Some of it continues to expand and become more complex, with new challenges arising each year. Conventional thinking or merely devising methods to address it will not propel the significant transformation. Dealing with social problems with an entrepreneurial mindset that includes the traits of daring thinkers, setting high goals, and creating data-driven strategies with iterative solutions can lead to the biggest revolution. In India, numerous social issues exist, and entrepreneurs can identify these problems and establish their objectives to address them. This encompasses the eradication of extreme poverty and hunger, ensuring universal access to education for children, promoting gender equality and empowering women, reducing child mortality, enhancing maternal health, combating HIV/AIDS, malaria, and other diseases, eliminating plastic pollution, and protecting the environment, among other initiatives. These societal issues may present opportunities for social entrepreneurs to effect

change in the social welfare system. Entrepreneurs assert that incremental change is inadequate; they advocate for transformative change aimed at a bold objective. Therefore, fostering and promoting social entrepreneurship can address societal issues overlooked by numerous business and governmental entities. Contemporary schools and universities must develop programs aimed at educating and equipping social entrepreneurs to facilitate positive social change.

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