

Overview of Entrepreneurial Environment with Special Reference to Agribusiness

W1L5: Social Entrepreneurship

Instructor: Dr. Saikat Maji, BHU

Hello friends.

In this lecture we are going to discuss about a special type of entrepreneurship. That is social entrepreneurship. As you all know India has made significant progress in recent years. With increasing access to education, healthcare, technology, but still many social problems persist. So what was or is the main mechanism to address this social problem that is use of nonprofit organization or NGO's who generally have better grassroots penetration to help people to address this problem and use of the corporate Social responsibility fund like behaviors, private or commercial entities.

So these were the mostly used strategies, but not sustainable one. Why? Both of these widely used methods will not solve the ever-present societal problem efficiently and instead, they have created a syndrome of dependency.

So, what are the problems, so problems or emerging problems. So increasing demand for the social services, especially by the disadvantaged groups throughout the world disadvantaged group, means individual with disability, homeless, marginal pharma, small pharma, agricultural laborers. There are incidents of chronic underemployment or unemployment, increasing cost of the public services and decreasing reach of the public services, decreasing availability of governmental and charitable funds, increasing level of social disparity and economic stratification, and also the failure of the so-called self correcting free market model because it does not have any incentive to correct the considerable economic and societal harm.

So what is the solution? One of the emerging solution is the social entrepreneurship. So before going to the concept of the social entrepreneurship, let's look into the historical evolution of this particular aspect.

The social entrepreneurship is relatively new concept and emerged in 1980s and at present it is the one of the most vibrant term in the social science. The term social entrepreneurship was first used in a literature in 1953 by Howard Bowen in his famous book social responsibilities of business of the businessman. US Senator Michael Young was the leading person for promoting social entrepreneurship in 1980s when this term became or get recognition. He established the School for Social Entrepreneurs in United

Kingdom, Australia and Canada. But the present popularity with the concept of the social entrepreneurship both among the society and academic research happened after the publication of the famous book “The Rise of Social entrepreneurs” by Charles Ledbetter.

So that is about the evolution of the concept in the world arena. What about in India?

The concept of social entrepreneurship was prevalent during the time of independence also, though not in the same name. So in Indian context the work of Vinoba Bhave, the founder of India's land gift movement, exemplify the modern definition of the social entrepreneurship and if you look into Indian five year planning, the role of the third sector concerning people institution was highlighted in the first in the eighth five year plan that is from 1992-1997.

So now we talk a lot about the social entrepreneurship. Now what it is actually. Social entrepreneurship is a multi dimensional concept. Now, depending on the stakeholder or depending on the sector it helps slightly different meaning sector means like for civil society, for government and for private sector.

So it is a process by which citizens deal and transform institution to advance solutions to social problems such as poverty, illness, illiteracy, environmental destruction, human right abuses and corruption to make the life better for many. So thus for the civil society, social entrepreneurship means it is a set of activities for achieving systemic social change by empowering individuals as “changemakers”. So from the government perspective, social entrepreneurship offers an attractive approach to marketized social welfare programs in a financially sustainable way, thus working efficiently under fund shortage, which is a major problem for the government for most of the developing countries. So social entrepreneur is a person who recognizes the social problem, uses entrepreneurial skill and principle to organize, create and manage a venture to make social change.

For private sector, social enterprise provides a model for access otherwise inaccessible market opportunities such as the poor at the bottom line of the pyramid movement, state welfare budget, and the growing body of the ethical consumer. So that means social entrepreneurship or social entrepreneur have 3 core characteristics.

That is social mission entrepreneurial strategy to support that social mission and innovative and sustainable solution to the thus social problem. Social entrepreneurship is focused on innovation and novelty, either in organizational model or process that have developed or in the products or services that are delivered. So strategic focus on social or environmental outcome instead of other managerial considerations like profit maximization or else. So strong emphasis on the performance measurement from the

societal perspective, and also it blends a logic and organizational model in this particular entrepreneurship activities.

So what are the differences and similarities between so-called business entrepreneur or common entrepreneur which you know about and this social entrepreneur? The similarities lies in innovation. Both use innovative solution. Similarity lies in the market orientation. Both try to successfully market the solution, both involve risk taking and both looking for the sustainable solution to the problem whether it is a social problem whether it is a business problem.

So what are the distinct or difference between this social and traditional entrepreneurship? So difference lies in goal objective growth model, social, how it relates to the social problem in this aspect. So in case of goal, the goal of the business entrepreneur, is only to capture the market security. But when it comes to social entrepreneurs, they try to fill the market gap their goal is social transformation.

So main objective of the business entrepreneur is, build an enterprise and profit and maximize the shareholder values. That is the main motive. So in case of social entrepreneurs, it look for the creating sustainable solution for the social change. So advancement of the social aim is the main motive, not the profit or profit maximization. So they both for them look for the financial sustainability, but business entrepreneur look to try to do it through the maximization of the profit. Social entrepreneurs try to do it for the advancement of the social name. Both involve risk, but business entrepreneur they only face the business risk. Social entrepreneur, along with the business risk, they also face the social risk because mostly the idea they worked with those are social problem, that is that is inter that is interlinked with the many cultural pattern and other aspect of the society.

So both entrepreneurship is always deal with the social problem, but link with the social problem for the business entrepreneur is indirect. Social entrepreneur directly linked with the social problem. We discussed about the successful social entrepreneurship in India we look into those particular aspect that. What is the social risk? What is the direct link with the social problem it is.

So mostly business entrepreneur follow a growth model, which is competitive in nature. But for social entrepreneur, the growth is collaborative. And lastly, if you look into the capital aspect.

So business and that may generally build a robust financial and managerial services organization. So capital inflow or Capital Management is rather simpler or easier than the social entrepreneur. In case of social entrepreneurship the financial model is mostly unpredictable and also there is a short of financing. So these are the certain differences in

the key areas between the business entrepreneur and social entrepreneur despite of having a number of similarities as we discussed in the previous slide.

So what are the different type of social entrepreneurs? So one group of social entrepreneurs are there, which we call the Community social entrepreneur. So these entrepreneurs mainly work at the grassroots level to serve the social need of community within a small geographical area.

One of the example is microfinance loan which offer financial solution to the local people with no or very limited financial access. So these type of social entrepreneurs or social entrepreneurs on this scale are usually individual or small organization. So there are another set of social entrepreneurship who set up nonprofit organization. So they are mostly focused on social, not material gain. They prioritize social well-being over the traditional business need, and in this process, if they earn any profit that is reinvested back into the business to facilitate the further expansion of the services. So these entrepreneurs are usually more likely to meet their strategic goal, but due to the readily available funding.

So another two group of social entrepreneurship is there those are much more business oriented. One is social enterprise, another is social conscious business. Social enterprise these uses commercial tactics, tactics for optimized advances in monetary, social and environmental well-being. So as I told, these are the business initiative or much more business dominated. So these intended to increase both social impact as well as profit for the co owners.

So another group of social entrepreneurship or entrepreneurs are there, which we call, we can classified under social conscious business. So these are business initiative, but they are sensitive to and has a sense of responsibility for injustice and social issues and they care for social concerns and act accordingly, these are business organization.

So, given the social entrepreneurship, despite of its evolution at the time of the independence before the independence, also in the entrepreneurial environment, the social entrepreneurship is much more newer concept, especially in developing countries. But despite of that, Government of India has a number of support and Government of India organizations have some support program for the social enterprise. One of the such innovative support support program is that is organized or that is controlled by the security and Exchange Board of India. So they recently released a framework for the social Stock Exchange. OK, so that will make it possible for the social entrepreneurs to raise more funds, expand their impact, and reach exponentially. As I already told the arranging and managing finance or credit is a very problematic for the social entrepreneurs compared with the traditional or business. Also on organization running because trust which is under

the Krishak Bharti Cooperative Limited. OK, so they have an national organization founded in the name of Gramin Vikas Trust to enact or to promote the social entrepreneurship to enact significant social change through the social entrepreneurship.

Now let's have a look into the successful example of the social entrepreneurship across the world as well as in India. When we start to talk about social entrepreneurship, the first name which came into mind, that is the Grameen Bank at Bangladesh which was founded by Muhammad Yunus Nobel laureate.

He pioneered the concept of microfinance, providing small loan to the poor individual, particularly women, to start their own business and this is the one of the most well known successful social entrepreneurship initiative. So this approach helped lift countless families out of poverty and sparked a global microfinance movement. Another example from India is the Barefoot college. It is located in the Rajasthan. It is again an unique social enterprise that focuses on empowering rural communities through education and skill training.

So what it do basically? So it trained illiterate and semi literate individual, mostly women, mostly women, in various craft renewable energy technology, healthcare, other skill. And these graduates generally then return to their villages and become the agent of the change implementing sustainable solution and creating economic opportunity.

In the private sector, another example is the selco solar. It is in Bangalore based social enterprise that provide energy solution to rural and underserved community by offering affordable solar products and financing option.

So it has empowered thousands of households to access clean and sustainable energy, improving their quality of life and reducing the dependence on fossil fuel. So when we talk about social entrepreneurship in India the one of the most prominent name is the the Arunachalam Muruganatham or better known as the Padman in India. He is a perfect example of the social entrepreneur from Coimbatore in Tamil Nadu. So what he did, he did he is the inventor of the low-cost sanitary pad making mechanism and is credited for innovating grassroot mechanism for generating awareness about traditional unhygienic practices around menstration in rural India. So his machine can manufacture the sanitary pad less than 1/3 of the cost of the commercial pad making, and by now it is already installed in the 23 state of the across India. So initially he was promoted by the IIT Madras and then one seed funding company Jayaashree industry came forward to support his but he did not commercialize his venture. So instead of commercializing his venture, his production is totally based on the self-help group run, which is generally run by the woman they are the main production center for each successful venture.

Another example is EcoFiltro in Guatemala, which provide a low cost, easy to use filtration system in a water deficient country like Guatemala.

And also in this process it has created opportunity for the local entrepreneur to distribute and sell this filter, boosting the local economy. Another example is the Husk power system from Bihar, India, which is a social enterprise that generate electricity from rice husk, a waste product from rice milling. So that they claim that this hash power system has brought electricity to more than 5,00,000 people in the rural area, improving their quality of life and also enabling economic development.

So despite of these success stories, social entrepreneurship is not a prevalent phenomena in India or developing countries like India or in the entrepreneurial field, the social entrepreneurship is very limited in number. So what are the challenges they faced? What are the challenges they face in India?

The first one is that the social project are extremely risky and the social project or the social entrepreneurship are based on the anticipated or imaginative anticipated problem based on the some imaginative future issues or social issues. So arranging investors for materialize those innovation of those particular ideas is very difficult and as social entrepreneurship has social aim apart from the business goal, but they have to compete with the traditional business enterprises for with their commercial product. Also, most of the social entrepreneurs come from the non business background and they came into this field purely out of goodwill. So sometimes they lack the necessary skill business skill to make the enterprise viable. Also there is a problem with duality of aim because additional conceptualization is that social enterprise is mostly for philanthropy or nonprofit but in actuality, to become a viable enterprise, it have to earn profit through relative business model. So social entrepreneur have to constantly dwell with this particular two different aim to make this enterprise viable or to fit the social anticipation.

Also, social enterprise primarily spring up from the social inequity or market failure when the traditional system but it generally lacks the ability to scale up, so it is mostly due to the lack of support and structured policies in non availability of the this structured support or policies, so it affects the social enterprise to ability to scale up in the next level or to continue into the long term. Also, social entrepreneur have to take more pain for a longer time than the traditional business entrepreneurs.

So now coming to the conclusion. So on the occasion of the India at 75, our beloved Prime Minister Narendra Modi said that the India must become developed nation before it makes the Centenary of independence and to do that, he talked about 5 pledges or “Paanch pran” for India at @2047. That is response planner. Achieving a developed India, removing any

sign of the servility, instilling the pride in our heritage, fostering unity and fulfilling our duties and he stressed upon that for achieving these, these our youth need to play a crucial role in a youth abundant country like India by fostering innovation and constructing a creative environment.

Now, in a country or diverse country like India, where there is a lack of opportunities among the youth, the lack of awareness among the youth, also there are a number of deficiency in the funding, venture capital all these market accessibility, all these things. So social entrepreneurship has the best prospect or social entrepreneurship, has the ability to generate prospect, especially for the youth in the marginalized communities, where the opportunity gap suppress social mobility and economic disparity are most intense and these are the goal of the social entrepreneur which they try to solve through the entrepreneurial activity.

So in conclusion in today's lecture, we talked about the innovative concept of the social entrepreneur, how they are similar or different from the traditional or business entrepreneur. What are the challenges before the youth or before the social entrepreneurs for setting up viable business? And what are the prospect of the social entrepreneurship in India in terms of our Prime Minister for becoming or making an India self or developed nation before the Centenary of Independence.

Thank you.