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### "Social Entrepreneurship in India: Scope and Challenges"

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#### **Abstract**

Emergence and success of entrepreneurship contributes to the growth and development of a nation. However, the concept of social entrepreneurship is different from entrepreneurship in general. Social Entrepreneurship involves setting up of businesses with the primary objective of serving the needs of the society and at the same time also remaining financially sustainable. Since social entrepreneurship aims at developing and harnessing the innovations to find solutions to issues and concerns of the society, it may be an answer to many problems faced by developing nations like India. This paper aims to understand the term social entrepreneurship. It further aims to explore the factors that have contributed the emergence of social entrepreneurship in India. It suggests prominent areas where social entrepreneurs can set up their ventures and contribute to national wellbeing. The paper concludes with a discussion on the current challenges that social entrepreneurs confront in the current context in India.

#### **INTRODUCTION**

Entrepreneurship defines and determines the economic development and growth of any nation. Emergence and success of entrepreneurship contributes to the growth and robustness of a nation's economy. Thus, governments world over focus to improve the entrepreneurial climate of their respective nations. India too has started to focus on creation of a conducive and supportive entrepreneurial environment for the budding entrepreneurs. Entrepreneurship is usually associated with idea generation, creation of a business and profit making. However, the concept of social entrepreneurship is different from entrepreneurship in general. Social Entrepreneurship involves setting up of businesses with the primary objective of serving the needs of the society and at the same time also remaining financially sustainable and viable. Entrepreneurship focuses mainly on profit making with only a limited and compliant attention towards social welfare. Thus, social

entrepreneurship aims at addressing the needs of the society in a more meaningful way but at the same time, also following the entrepreneurial principles.

The term Social Entrepreneurship is described as setting up of sustainable ventures that combine “business principles with a passion for social impact” (Wolk, 2008). Swanson and Zhang (2010, 2011) stated that social entrepreneurship organisations engage in different ways of implementing social change but they do so by applying different forms of business activities. (Austin, 2006; Martin & Osberg, 2007; Swanson & Zhang, 2010) state that social entrepreneurship does not include organisations that only involve in providing social services without being self-sufficient and entrepreneurially active.

Although serving the society is the primary objective of Social Entrepreneurship, it cannot be considered similar to an NGO since the latter thrives on grants and donations. Social Entrepreneurship firms have the objective of being financially sustainable along with addressing the social concerns of a nation, region or community. Social work or NGOs or Non Profit Organisations only work for the social causes they undertake for the upliftment of the society and profit is not their motive. On the other hand, social entrepreneurship focuses on profits as well as social welfare. Social entrepreneurs cater to the lowest segment of the society through innovative and affordable products or services. In case of a purely entrepreneurial firm, the profits earned are its measures of performance, but for a social entrepreneurship firm, the outcomes achieved for the society are also as important as the financial returns in order to measure the performance of the firm. Although there is no universally acceptable and comprehensive definition of Social Entrepreneurship, Dees (2001) identified a set of criteria to determine if the activities come under the domain of social entrepreneurship that are mentioned below.

- There exists a mission to create and sustain social value and not just personal value
- Continuous effort towards identifying new opportunities to pursue and serve that social cause
- Engaging in continuous innovation and adaptation for serving the social cause or concern,
- Sustained effort without being limited by resources, and
- Having utmost accountability towards the stakeholders of social cause and for the outcomes achieved for them

In light of these characteristics and social outcomes served, the emergence of social entrepreneurship has proven to be a boon for India. India is a highly populated, diverse and vast country. This has often resulted in the inability of the governments to address a large number of social concerns with an equal and inclusive approach. This is where social entrepreneurship can be a win-win solution for many of India's social problems and concerns.

### **EMERGENCE OF SOCIAL ENTREPRENEURSHIP IN INDIA**

There are several factors that have been responsible for the emergence of social entrepreneurship in India specifically in the last two decades. The interest and subsequent investments in these social ventures is increasing. Supported by the thrust in government policies and plans towards social entrepreneurship, the funding agencies have shown keen interest towards investing in these social

ventures. This focus of the government towards prioritising social entrepreneurship has also influenced the funding agencies to come forth and invest liberally in the social entrepreneurship ventures. Government has been taking substantial interest in creating and facilitating environment for the social entrepreneurs to come forward and set up their ventures. It offers support in terms of policy regulations, facilitating investments and relaxation in taxation to incentivise social entrepreneurs. There has been a shift in the focus towards building business ventures with an inclusive approach.

The emergence of the start-up culture among the educated youth has also been a major factor that has led to the emergence of Social Entrepreneurship in India. There is an increase in the access that the Indian youth is getting to higher education. To add to this, entrepreneurial training is becoming a crucial part of the curriculum in a number of institutions of higher education. As a result, the youth is exploring options other than jobs for sustenance and at the same time trying to serve the society. A large number of Higher Educational Institutions have set up incubators and start-up assistance for students to help them explore their business ideas and innovations and getting financial assistance to start their ventures. This is significantly contributing to the youth trying to explore newer ways to create more inclusive business models and start-ups, which on one hand generate profits and are financially sustainable, and on the other hand cater to the social requirements of the underprivileged and the weaker sections of the society. These incubators are often a result of the collaboration between the government, other funding agencies, business houses and private investors. This makes it more convenient for the freshly graduated youngsters, with innovative ideas, to set up their social enterprises and ventures. There have been a number of examples where students from premiere institutions have chosen social entrepreneurship over comfortable seven figure salaried jobs that are often available in reasonable abundance to the graduating students. Suhani Mohan who was an alumini of IIT Bangalore gave up her highly paid job in a multinational bank to set up a social enterprise to make machines to produce sanitary napkins at a low cost in rural India. Another social enterprise by the name Avanti fellows was founded by six students of IIT Bombay in March, 2010 with the objective of providing tertiary education to the students belonging to low income families.

The launch of the Atal Innovation Mission (AIM) by government of India in 2016 is also aimed at fostering the spirit of innovation and entrepreneurship in universities and institutions. It aims to encourage collaboration among industry, students, funding agencies and other stakeholders to promote an entrepreneurship ecosystem. Introduction of Atal innovation index which measures creativity, innovation, idea generation, in institutions of higher education is also useful in sensitising students to get their thought process active and indulge into social entrepreneurship.

### **FOCUS AREAS FOR SOCIAL ENTREPRENEURSHIP IN INDIA**

Since social entrepreneurship aims at developing and harnessing the innovations in order to find solutions to social problems, it may be an answer to many problems faced by developing nations like India. The developing nations face multiple social and economic problems for which government is already pressurized. There are

multiple social issues and concerns that exist in India. For the last many decades, policies and programmes are being developed and implemented by government to alleviate these problems. However, considering the enormity of the problems, it is not possible for the government alone to address all issues to the fullest. Due to its vastness, inclusion and equality have always remained a massive challenge for India. Social entrepreneurship is of extreme relevance as social enterprises can share substantial load with government to address these problems. A number of social enterprises already work in the areas of concern and priority of the government. However, there exists a vast scope for social entrepreneurs to integrate their ventures with the priority areas of the government which can result in the upliftment of the society, cater to key social problems and share the government's load. But social entrepreneurship is at its very nascent stage in India and a wide scope exists for building and initiating social enterprises. These areas may include health, hygiene, employment generation, sanitation etc to name a few. Following is a list of prominent areas where social entrepreneurs can venture into and contribute to resolving the problems of the society using the principles of entrepreneurship.

### **1. Upliftment of the weaker sections of the society:**

A large number of people in India live under conditions of extreme poverty and are unable to meet the very basic needs of their life. It is expected that social entrepreneurship contribute in the upliftment of this section of the society through setting up of industries for employment generation. These people can be skilled and trained to be able to gain employment and ultimately increase their earnings. This will help a long way in poverty alleviation and helping the marginalized. (Tomar et al 2018)

Upaya Social Ventures is a social enterprise that works in the area of poverty alleviation. It supports and provides seed money to organisations that are engaged in providing employment of the poor and needy.

### **2. Agriculture and Sustainable farming:**

In India, the agriculture sector contributes to 17% of the GDP and employs 53% of the population. Social entrepreneurship can play a crucial role in catering to the farm sector distress. There are a large number of problems that the agriculture sector in India is experiencing for a long time. Lack of funds for upgrading farming tools and techniques, poor knowledge about crops and latest farming techniques, limited access to storage and transportation facilities, non-availability of higher quality seeds for better crop yield, poor marketing etc are some of the key concerns of the Indian agriculture sector. There is an immense need for social entrepreneurship in order to address these key concerns and also because there are vast range of activities involved in farming (Majhi, 2019) such as organic farming, agri-decision support system, production management and value chain management. Social entrepreneurs working in these areas can help in the process of sustainable development of the Indian agriculture sector and the upliftment of this sector.

Simple Farm Solutions Pvt Ltd. And Krishi Star are examples of two social enterprises that provide low cost mechanised solutions for farming and connecting small farmers to higher margin markets respectively

### **3. Skill development:**

The problem of unemployment persists at a very large scale in India due to lack of

inclusive education, poverty and other reasons. Social enterprises can be set up in the field of improving education and skill development among the school going children, college and university students and among women so that they can have sustainable livelihood and also build their careers.

NavGurukul is a social enterprise that is involved in imparting coding and other IT skills to those students who are unable to afford or continue higher education so as to give a boost to their careers

#### **4. Creating a digitally empowered society:**

Digitalization is said to make an immense contribution to national well-being of any country. Digitalization is also among the priority areas of the government of India. It helps in connecting people and thus results in economic and social inclusion. The social enterprise can venture in areas of expansion of public internet access, mobile connectivity in rural areas, and joining e- governance programs to improve processes and service delivery. The social entrepreneurs can also support digitalizing in electronic delivery of services such as education, health, agriculture, financial inclusion, justice etc.

#### **5. Increasing access and quality of Healthcare:**

Due to disparities in the facilities available to the people in India because of the dynamics of Indian demographics, social entrepreneurs can play and even more important role in the healthcare sector. There are a number of social enterprises and social entrepreneurs already working in this sector. However, considering the highest degree of importance of healthcare and the disparity, it is an area where social entrepreneurs can greatly support and complement the role of government towards access to healthcare and related facilities. They could explore areas like diagnostic services, tele consulting, mental wellbeing counsellors, data analytics to suggest some.

Arvind Eye Care system is a social enterprise that was started in 1976 with the aim to provide affordable eye care to the poor and needy who did not have access to expensive facilities. It exists as a large social enterprise today with its own hospitals across multiple cities in India

#### **6. Climate change:**

To increasing population of the world, increased competition and depleting natural resources, the environment has been badly and irreversibly compromised. There is a need to prevent further environmental degradation and at the same time resolve issues of resource scarcity. Social entrepreneurship can play a key role in this endeavour through innovations that aim at combating damages associated with climate change as well as finding alternative and renewable sources of energy. It can thus contribute to environmental conservation and protection. Social entrepreneurs can simultaneously build societies as well as be environmentally sensitive so as to move forward with the more sustainable way of life.

SELCO is a social enterprise in Karnataka that has the primary aim of switching to renewable sources of energy in India. The enterprise has been instrumental in installing thousands of solar lights in Karnataka.

### **CHALLENGES FOR SOCIAL ENTREPRENEURSHIP IN INDIA**

Social entrepreneurship and social entrepreneurs play a significant role in improving lives of people and creating inclusive societies. But like

entrepreneurship, social entrepreneurship and social entrepreneurs face numerous challenges in setting up and managing and sustaining their ventures. These challenges limit the number of people venturing into social entrepreneurship

**1. Social enterprise versus social work:**

In the Indian context, people often misinterpret social entrepreneurship to be similar to social work and thus are unable to understand the profit motives of such ventures. This results in various stakeholders considering working in and with such organisations as more of voluntary work and thus compromising on the inputs and expectations from such enterprises.

**2. Social and cultural limitations:**

The cultural and social contexts of any nation define the attitudes of its people. These may act as hindrances and pose challenges for the initiation and development of social enterprises. Culturally, Indians have been found to be risk averse and this is one of the major challenges for social entrepreneurship. Since social entrepreneurship deals with betterment of society, offering low cost solutions for social problems with limited returns for the businesses, makes them less financially motivating and more risky. As a result not many entrepreneurs opt to venture into the field of social entrepreneurship.

**3. Profit versus social value:**

Very closely related to the above challenge is the challenge of profit versus social value. Social entrepreneurs confront this dilemma of what needs to be given more priority-profit or social value. Whereas the primary purpose of social enterprises is to generate social value, it is very important to keep these enterprises running and financially viable. However, there is a constant challenge to maintain a balance between the two. There are times when achieving these two outcomes simultaneously may become extremely challenging for social entrepreneurs.

**4. Lack of creative and innovative solutions:**

Social entrepreneurs aim to find solutions to problems at grass root levels which have existed for years. Often it is challenging to find innovative and creative solutions to the problems that have been plaguing the society for years. There are numerous issues and problems in the Indian context, owing to its vast population and unique demographics where market based solutions have fallen short. Social entrepreneurs find it challenging to think out of the box to be able to address these problems and issues.

**5. Lack of funding:**

Although the scenario has changed considerably from the past, where in the Indian context, entrepreneurship generally was not encouraged. There was absence of any facilitating mechanisms and procedures to support entrepreneurship. In the current scenario, in spite of government impetus and improvisation in the ease of doing business mechanisms, social entrepreneurs often find themselves grappling with funding issues. Social entrepreneurs have often fail to arrange start-up capital. The primary reason for this is that the business ideas of social entrepreneurs have more social impetus than focus on returns and profits. There are a limited number of financial institutions that fund social enterprises as there exists a basic misconception that these organisations aimed at social welfare cannot be profitable.

**6. Shortage of skilled workforce:**

Hiring skilled workforce is another of the major challenges faced by social

entrepreneurs. In India, skill shortage and lack of employability skills is a major issue of concern. Finding skilled and talented employees for a social enterprise can be even more challenging. Social entrepreneurs are unable to give high compensation to their employees due to limited focus on returns and profits. The social entrepreneurs primary concern remains providing social benefits. As a result they are unable to attract and retain talented workforce in their enterprise which acts a major limitation of social enterprises.

## CONCLUSION

Social enterprises may play a key role in creating inclusion and balanced growth in India and social entrepreneurship may be the answer to many of the problems confronted by such a large developing country. There are a large number of social enterprises already working in India and are doing a commendable job in bringing about social transformation. They may serve as inspiration to the aspiring social entrepreneurs and a lot can be learnt from their struggles and success. However, there is still a long way to go before social entrepreneurs are able to freely build and deliver their dreams of serving the society without facing as many hurdles.

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