

***Social Entrepreneurship in Delivering Social Value:
An Empirical Analysis of the Social Entrepreneurship Landscape in
India***

Dr. Asha Elizabeth Thomas

Assistant Professor

Department of Commerce

St. Paul's College, Mahatma Gandhi University Kerala, India

Corresponding Author's Email id: asha@stpauls.ac.in

Abstract

India has been witnessing a tremendous growth in the number of social enterprises, especially during the last five to six years. Despite of this remarkable growth, the quantitative data to evaluate the actual impact of such enterprises on socio-economic development of the country is scarcely available. Moreover, there is lack of adequate empirical studies to understand the social entrepreneurship ecosystem within the country. This research is conducted to understand the landscape of social entrepreneurship in the country. Researcher has tried to identify the factors leading to the favorable growth of social enterprises and reports on the challenges faced by these enterprises in the present scenario. A gender based comparative evaluation of the organisational objectives of social enterprises were also conducted to identify whether there is any difference in them based on their leadership. Data has been collected from 122 social enterprises operating across the country in different sectors of the economy. Results show that social enterprises can offer solutions for many of the socio-economic problems faced by the country like unemployment, poverty, lack of access to education, and poor living conditions. However, there requires further interventions from the part of government and other regulatory bodies to ensure the sustainable growth of these enterprises. Priorities given to various organisational objectives showed significant differences in women-led social enterprises.

Keywords: *Social change, Social capital, Socio-economic development, Impact investing, Women social entrepreneurs.*

INTRODUCTION

During the last decade, India has witnessed a remarkable growth in the field of social entrepreneurship. This social enterprise ecosystem has brought in considerable impact on addressing the needs of underserved communities of the country. A growing economy like India needs more social entrepreneurs. Country needs people from different fields of knowledge, who can create, and implement effective, innovative, and sustainable solutions for fighting against the socio-economic challenges. Some of the pressing problems are related to education, sanitation, environmental issues, health amenities and gender bias. Despite of the growth displayed by the social enterprises in the last few years, and even after recognising the potential of these enterprises, the data availability with respect to the operational modalities of such units are extremely limited. A holistic understanding about the impact of social enterprises in solving the country's developmental challenges is needed for further actions in this direction. Information regarding the attributes of each organisational units, identifying the business models and evaluation of its

success rates are all required to evaluate the present status of social entrepreneurship in Indian markets. The present research is conducted primarily to address this gap in the availability of data pertaining to social enterprises operating in the country. This study is intended to benefit the existing as well as prospective social entrepreneurs, policy makers, researchers, academicians, and administrators by presenting an in-depth analysis of the social entrepreneurship ecosystem in the country. The research has tried to identify the factors favouring the growth of social enterprises in the country. It has also tried to identify those factors that are hindering the growth of such enterprises in Indian context. This work is expected to help various stakeholders in planning, and implementing suitable, and timely interventions that may attract more people as change makers to the society through this not-for-profit business model.

for improving living conditions, or

Review of related literatures

Iyengar (2014): Social objectives in connection with innovative entrepreneurship can involve economic globalization, leading to the possibilities

increased competition stimulating innovation which can result in creating social value. According to the author, social entrepreneurs are those whose innovative ideas can result in creative destruction that is necessary to replace the societal status quo. The social enterprise can survive as a non-profit unit; however, its long-term sustainability can be ensured only through a model that is able to create social capital. The major problems faced by social entrepreneurs relate to financing, attracting, and retaining talents and also with evaluating the social impact of various enterprises.

Banodia(2017): The performance of social enterprise is always measured in terms of social change brought about in the beneficiary groups as against a business entrepreneur, where it is measured by the profit generated in the due course of the business. Social entrepreneurs are local change makers and try to improve the existing system with their innovative ideas and solutions. On close examination of the existing conditions, it can understand that personality traits of persons engaged in social entrepreneurship plays an important role in their social entrepreneurial intentions. Social entrepreneurship can be stated as a combination of passion for a social mission with an image of business

associated with innovative ideas. Opportunities for a social enterprise lies in different zones like health, sustainable agriculture and technology, education, renewable energy, food and nutrition, water & sanitation, environmental sustainability e.t.c. Social entrepreneurs focuses on activities for underserved, neglected or highly disadvantaged population who lacks any means for participation in nation's development process. Social entrepreneurship can be viewed as an attempt to bring out social equilibrium and thereby paving the way for minimizing economic disparity in the society. The social enterprises should seek a blended return on investment which includes 'social' and 'financial' return on investment.

Rajdeep (2017): Social sector is an important segment of Indian economy and plays an integral part in the human capital development of the nation. A person or a group undertaking the act of social entrepreneurship must

exhibit

entrepreneurial behavioural dispositions to achieve the basic objectives of the existence of such enterprises. Social and economic productivity of social entrepreneurs can

be captured by using the following constructs:

-Organisational identity

- Work values
- Social responsibility
- Organisational goals

Organisational identity is referred to as the shared ideas about the central and durable qualities of the organization by its people. Work values are the guiding principles for evaluating work outcomes and to make an appropriate choice among the different work alternatives. Social responsibility is the factor that makes a firm accountable towards the society in which it exists, and which are beyond the profit maximization function. Organisational goals serve as the inputs to various decisions within a firm which helps it to realise the state of affairs. Ethical and discretionary sense of responsibility exhibited by social entrepreneurs play a significant role in the achievement of social goals. The study also reported that along with social goals, the stability and longevity exhibited by the social enterprise is especially important to ensure its success.

Rosdiana (2015): The paper examined the role of social entrepreneurship in enabling economic opportunities for the poor and underserved people of the nation. Reasons for poverty in the country can be categorized into two:

1. Poverty due to limited ownership of resources
2. Poverty due to lack of fundamental freedoms of life.

Social entrepreneurship in the country should emphasize on two key issues viz. entrepreneurial goals and social goals. Due to this aspect, the challenges faced by social entrepreneurs are different from those faced by entrepreneurs in general. The priority of social entrepreneurship should always be on social wealth creation. The article reports that the lack of access to formal financial institutions is the greatest obstacle encountered by the social entrepreneurs in the informal sector. In a country like India, empowerment should be the essential aspect of social entrepreneurship. Job creation is yet another function of social enterprises. Based on empirical analysis, the authors concluded that social entrepreneurship has broadened the access to financial resources, promoted the use of social innovations for reducing social problems and created more job opportunities.

Shruti (2018): Shruti (2018): Promoting sustainable livelihood is one of the most important function of social entrepreneurship. India being one of the world's most advanced market in terms of

impact investing, the possibility of economic development through social entrepreneurship in the agricultural sector is extremely high. Social enterprises for agricultural development can be encouraged in the field of milk production and distribution, social incubation services for agricultural crop development, and also in the field of organic farming, and aquaponics. The factors that will help in the development of social entrepreneurship can be broadly classified into personal, social, economic, cultural, and environmental. Personal factors include knowledge & education, attitude, and skills. Social welfare, social values and innovation are the basic factors included under the social construct. Economic variables include capital formation, resource utilization and marketing opportunities. Entrepreneurial culture, not-for-profit motive and supportive environment are the factors aligned to the cultural variable. Environment factors contributing to entrepreneurial development involves possibilities of collaboration, globalization, and exposure to international markets. The paper concluded by recommending social entrepreneurship in the field of agricultural and rural development, and as a sustainable solution for the socio-economic development of the country.

Singh (2012): In India, social entrepreneurs can help in solving issues connected with malnutrition, education, and health care. Social entrepreneurship can be accepted as a business model that can help the nation to achieve a balanced economic growth by promoting an inclusive environment. Some of the major challenges faced by social entrepreneurs in the country are lack of competent and skilled promoters,

competitive partnerships and networking, lack of adequate capital, lesser support from financial institutions, increased transaction cost, absence of aptitude for becoming social entrepreneurs among young graduates and lack of awareness among public regarding the possibilities of social entrepreneurship. To build a sustainable model, social enterprises must get competent manpower, wider community participation and increased partnership opportunities from international marketplaces.

Nair (2020): Social innovations involving new products, services, technologies, and interventions leading to better market performance can be regarded as the significant impacts of social entrepreneurship. The drivers of

social entrepreneurship can be broadly classified as internal and external causes. The

internal drivers can be personality traits and self-efficacy of the entrepreneur. The external forces can be categorized as economic, social, or political factors. These may vary across different geographical regions. Antecedents of social entrepreneurship includes the feasibility of social entrepreneurs in the decision making regarding human capital, social capital, social environmental factors, and organisational specific factors. Social entrepreneurs are driven by their ethical obligations to the society; however, egoism may lead them to practice unethical acts. Since social impact is a variable that is mostly identified as a qualitative variable, measurement of social impact created by a social venture is incredibly difficult. This difficulty in measuring the impact in quantitative terms often stand as a barrier in conveying business ideas, attracting prospective donors, grabbing government support, sustaining employees and in establishing meaningful networking and collaborations. Some of the evolving quantitative techniques that can be used in measuring the impacts on social-well-being through social entrepreneurship are social accounting & auditing, balance scorecard, BACO ratio, cost per impact, cost benefit analysis and blended value.

Objectives of the research

1. To understand the social entrepreneurship landscape in India.
2. The identify the factors promoting the social entrepreneurship ecosystem in the country.
3. To analyse the socio-economic impact brought about by the social enterprises in the country.
4. To find out the key constraints (barriers) faced by the social enterprises.
5. To make a comparative evaluation of the overall organisational objectives of the social enterprises based on gender in leadership.
6. To explore the qualities that are possessed by successful social entrepreneurs of the country.

RESEARCH METHODOLOGY

Social enterprises for this research are defined as those enterprises that had been registered as not-for-profit private organisations providing goods or services basically for benefitting the community. The population for this research consists of those social enterprises registered in India as private limited companies, partnerships and sole proprietorships which satisfy the below given qualification criteria:

- Organisations giving first importance to their social/environmental mission.
- Organisations generating income of their own providing goods or services basically for benefitting the community.

Non-random sampling technique was used for the selection of sample units. A total of 300 organisations were contacted across the country and 226 of them agreed to participate in the study. 122 among them were selected for final study based on the qualification criteria laid down for this research. Structured interview schedules were used to collect data pertaining to the study. Desk based research was also conducted by the researcher to review the existing literature and published reports on social enterprises in India. The period of

the study was from June 2020 to December 2020.

A. Social enterprises and overall organisational objectives

The overall organisational objectives of social enterprises were identified as the following:

- a) Creating employment opportunities (CE)
- b) Addressing social exclusion (ASE)
- c) Providing basic amenities at affordable cost (PBA)
- d) Empowering women (EW)
- e) Addressing financial exclusion (AFE)
- f) Protecting the environment (PE)
- g) Supporting vulnerable community (SVC)
- h) Rural community development (RCD)

Data Analysis and Interpretations

Table 1: Profile of the sample units (in percentage)

Age group of leadership	>30 years10	31- 40 years72	41-50 years16	<50 years 2	Total 100
Gender category of Leadership	Male 84		Female 16		100
Years of Operation	> 5 years 32	5 -10 years 56	11-15 Years 12	< 15years 0	100
Type of Income Generating Activity	Service Sector 42	Manufacturing 12	Business Development support 36	Others 10	100

Source: Primary data

The respondents were asked to rank the most appropriate category of objective that will define the overall organisational objectives of the enterprise. The results obtained are presented in Table 2 & Table 3. As per the results, creating employment opportunities received highest weightage and the second highest scoring received was for addressing social exclusion. The scoring received for empowering women, supporting vulnerable community, and providing basic amenities at affordable cost were also relatively high. The lowest

scoring received was for rural community development. However, on closer examination based on gender in leadership, it was found that in the case of female led enterprises the highest scoring was to women empowerment, rural community development and supporting vulnerable community. Among the selected samples in this study, most of the female led enterprises were engaged in rendering different types of services for the upliftment of women, children, and differently abled people.

Table 2: Organisational objectives of social enterprises (mean value)

	Identified objectives	Mean value
1.	Creating employment opportunities	4.22
2.	Addressing social exclusion	3.81
3.	Providing basic amenities at affordable cost	3.50
4.	Empowering women	3.54
5.	Addressing financial exclusion	3.00
6.	Protecting the environment	3.01
7.	Supporting vulnerable community	4.00
8.	Rural community development	3.20

Source: Compiled from primary data

Table 3: Organisational objectives of social enterprises – Male & Female leadership

	Identified objectives	Male Leadership (Mean value)	Female Leadership (Mean Value)
1.	Creating employment opportunities	4.22	3.50
2.	Addressing social exclusion	3.81	3.22
3.	Providing basic amenities at affordable cost	3.50	2.44
4.	Empowering women	3.54	4.88
5.	Addressing financial exclusion	3.00	3.00

6.	Protecting the environment	3.01	2.80
7.	Supporting vulnerable community	4.00	4.50
8.	Rural community development	3.20	4.32

Source: Compiled from primary data

B. Category of beneficiaries reached by social enterprise

The primary beneficiaries of social enterprises were women, youth, people from backward communities, children and people with disabilities. Social enterprises were asked to give the approximate percentage of beneficiaries in each group who were impacted by their organisation in the last 3 years. The results obtained are presented in table 4. Primary beneficiaries of social enterprises were women and individuals from backward community. Most of the people who were associated with these enterprises as employees were also from different disadvantaged backward groups. Women led enterprises were mostly engaging women from rural areas who were homemakers prior to their present engagement. These women were also given basic skill development training by the enterprises before being engaged with various activities. Feedback received from few women groups who were associated with different NGOs for the past 3-4 years were very positive, and some of them shared their experience of how these little things they do as part of the

organisational activity brought meaning to their entire life. They were of the opinion that these activities gave confidence and ability to believe in themselves. Children with disability were yet another group of significant beneficiaries of social enterprises. These children were given training to make various hand-made products and this had also enabled them to earn small earning for their living. Children from disadvantaged groups were brought into the formal educational platforms through the interventions made by many of the social enterprises. Some of the initiatives taken by them in this direction included starting schools near to the locality of these children. Many of these social entrepreneurs were actively engaging youth from different nearby colleges who were working without seeking any monetary benefits. Some of the social enterprises were able to generate sustainable income by opening online platforms for selling the products which were made by the beneficiary groups. Infact, this has attracted more members into these organisations over the years.

Table 4: Beneficiaries reached by social enterprises

Category	> 20%	21-40%	41-60%	<60%
Women				✓
Youth		✓		
People from backward communities				✓
Children		✓		
People with disabilities	✓			

Source: Compiled from primary data

Table 5: Beneficiaries reached by social enterprises led by female

Category	> 20%	21-40%	41-60%	<60%
Women				✓
Youth				✓
People from backward communities				✓
Children				✓
People with disabilities		✓		

Source: Compiled from primary data

C. Sources of funding/finance for social enterprises

The primary reason restricting the expansion of social enterprises which were studied as part of this research was the absence of feasible source of financing the capital requirements. Most of these units did not have a sustainable business model which can generate income on their own. They are primarily running either through the investments made by ownerships or through government subsidies and grants. Except few large units, others do not have a business plan for long run. They are operating on a trial-and-error method, and

some of them are severely hit due to the impact of Covid 19. They did not have a back up plan and so temporarily closed their operations. But the significant factor to be considered in this context is that most of these units are struggling not because of the absence of innovative ideas, but due to lack of strategic and dynamic plans to incorporate, implement and sustain the social impact created by them. They lack the dynamism to adapt to the changing market conditions.

After analysing the data, it can be understood that the primary source of

funding in majority of the units were equity or equity like investments. Income from social activities conducted by these units were less than 10 per cent on an average. Donations from different philanthropic foundations contributed almost 20 percent and government grants constituted around 18 percent. There was not much difference in the funding/financing patterns of male led and female led organisations among the selected units.

Table 6: Sources of Financing/Funding

Sources of funding/financing	Percentage
Equity or equity like investments	40%
Grants from foundations	18%
Grants from governments	14%
Concessional Loans	14%
Commercial Loans	8%
Reserves and Surplus	6%
Total	100%

Source: Compiled from Primary Data

D. Factors favouring the ecosystem for the growth of social enterprises.

An analysis was conducted to identify the factors that can favour the growth of social enterprises in the country. After extensive literature survey and discussions with experts, the factors finally considered for

further evaluation were pre-start support; awareness raising programmes; support to the business at the time of preparation of business plan-devising marketing plans-establishing collaborations & skill training; training and coaching initiatives for the members of social enterprises; dedicated financial instruments; physical infrastructure like sharing of working space; collaborations and access to different markets; networking and knowledge sharing; facilitating the opportunities for internationalization and delivering technology focused interventions like providing online webspace through government sites.

Most of the entrepreneurs gave maximum scores to the business support initiatives like interventions made at the time of drafting the business plan and its approval, help in finding new markets and marketing opportunities and other technical support. They were very much concerned about the time consuming and tiresome process involved in getting their firms registered and also about the difficulty of getting financial assistance from different public sector banks. Networking opportunities and collaborations were given high scores and they were hoping for more government interventions in these areas.

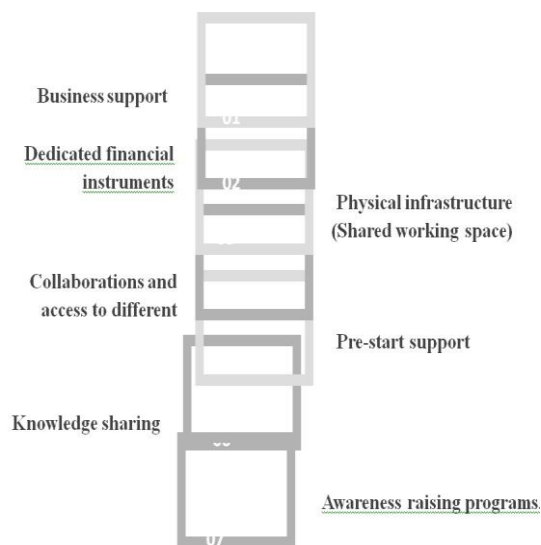


Figure 1: Factors favouring the growth of social enterprises.

E. Qualities required by a social entrepreneur

Social entrepreneurs were asked to point out the primary differences they find in themselves when compared with an entrepreneur in general terms. Almost all of them believed that it is their commitment to bring a social impact through their social activities that makes them different from a business entrepreneur. Most of them choose this field due their passion to bring a change in the lives of vulnerable people around them. Some of them even left their highly paid corporate jobs to start the social enterprises. However, they also agreed to the fact that, like most other entrepreneurs, social entrepreneurs also need be creative, innovative and risk takers. Along with these qualities, they should be problem

solvers aiming at providing affordable services and goods to the underserved community. They should be able to identify the areas where there is scope to bring a social change or a social impact. The following table presents the scores given for the qualities of a successful social entrepreneur (Table 7). These values did not show a significant difference based on gender in leadership.

country. However, in the current scenario the sector is less attractive to most of the high-end

**Table
7**

Qualities of a Social Entrepreneur	Mean Value
Creativity	3.9
Leadership	3.8
Goal orientation	4.0
Innovation	4.2
Team building	4.3
Risk taker	4.1
Dynamism	4.0
Problem Solver	4.5
Commitment	4.8

Source: Compiled from primary data

CONCLUDING REMARKS

Social entrepreneurship is the need of the hour for India. India's burden with scarce resources and large population can be lessened by social entrepreneurs. They can be the change makers for the

workforce and graduates from top business schools. Through carefully planned and delivered programs, educational institutions in the country can play a significant role in motivating and attracting key talents into the sector. Procedural delays and red-tapism were quoted by many social entrepreneurs as a big hurdle in front of them to materialise their plan into reality. Some relaxations in the highly restricted non-profit business policy of the country were quoted as an urgent need by many of them. To conclude, social enterprises in the country needs further support from stakeholders like government, educational institutions, academicians, researchers, and local community to fulfil its growth potential and to arrive at sustainable business models.

Future research is extensively needed in this field to offer more customized solutions to the problems faced by social entrepreneurs. Researchers can undertake studies based on industrial sector-wise categorization or on different types of ownership patters. Furthermore, studies are required in different geographical locations, especially by analysing successful projects for developing some master models capable of universal applications.

REFERENCES

1. Banodia, Smita, Gupta and Nishith Dubey. (2017). Role of social entrepreneurs as social change agents: An insight. *Research Journal of Management Sciences*, 6(2), 19-22.
2. British Council. (2016). Social Value Economy- A survey of the social enterprise landscape in India. Accessed from [Britishcouncil.in/sites/default/files/British_council_se_landscape_in_india_report.pdf](https://britishcouncil.in/sites/default/files/British_council_se_landscape_in_india_report.pdf). Date of access 22/5/2020.
3. Government of India. (2020). Economic survey 2019-20. Accessed from indiabudget.gov.in/economicsurvey/doc/echapter.pdf. Date of access 12/6/2020.
4. Iyengar, Venkatesh. (2014). For goodness, we will change- An ultimate goal of the entrepreneurs for effecting social enterprise. *Procedia Economics*, 11, 767-774.
5. Nair, Savitha. (2020). Antecedents of social entrepreneurship: Evidences from India. 2nd International Conference on

- Applied Research in Business, Management and Economics. Accessed from dpublication.com/wp-content/uploads/2019/09/19-60028.pdf. Date of access 22/5/2020.
6. Rajdeep, Deb and Nagari, Mohan Panda. (2017). Social proclivity of social entrepreneurship in secondary education of Assam. *Amity Journal of Entrepreneurship*, 2(2), 12-24.
 7. Rangan, Kasturi, V. and Tricia, Gregg. (2019). How social entrepreneurs zig-zag their way to impact at scale. *California Management Review*, 62(1), 53-76.
 8. Rosdiana, Sijabat. (2015). The role of social entrepreneurship in enabling economic opportunities for the poor: A synthesis of the literature and empirical works. *International Journal of Business and Social Science*, 6(11), 35-41.
 9. Shruti, Mohapatra; Girija Shankar Khadanga and Sujit, Majhi. (2018). Social entrepreneurship for agricultural development in India. *The Pharma Innovation Journal*, 7(4), 204-205.
 10. Singh, Partap. (2012). Social entrepreneurship: A growing trend in Indian economy. *International Journal of Innovations in Engineering and Technology (IJIET)*, 1(3), 44-52.
 11. World Bank. (2014). Enterprise Surveys: India 2014. Accessed from enterprisesurveys.org/en/reports. Date of access 22/5/2020.