SOCIAL ENTREPRENEURSHIP – A NEW DIMENSION OF AN ENTREPRENEUR

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ABSTRACT

Social entrepreneurship is becoming increasingly popular these days. A good many people are beginning to realize that mere giving away of money or dealing out assistance alone will not solve the society’s problems. While a business entrepreneur typically measures performance in profit and return, a social entrepreneur focuses on creating social capital. Thus, the main aim of social entrepreneurship is to further social and environmental goals. This paper focuses on Social entrepreneurship, importance and focus on modern view of priority to social development and the simultaneous creation of social and economic values. An organization’s decision to utilize its financial gains for the enhancement of a community forms the basis for corporate social entrepreneurship. This is an emerging new trend among business enterprises. More and more companies are becoming aware of their social responsibility. Thus, social entrepreneurship can be the solution to a better to morrow heralding a world free of hunger, social inequality and able to take on challenges on its own.

Key words: Social Entrepreneurship, Corporate Social Responsibility, Entrepreneurship.

INTRODUCTION

The term ‘Social Entrepreneurship although not new, is only now becoming increasingly popular. The term implies identifying a social problem and evolving a solution which paves the way for a better social order. Establishing an enterprise or a venture, based on the principles of entrepreneurship can help achieve the desired result. Social entrepreneurship is the work of social entrepreneurs. A social-entrepreneur recognizes a social problem and uses entrepreneurial principles to organize, create and manage a venture to achieve social change (a social venture). While a business entrepreneur typically measures performance in profit and return, a social entrepreneur focuses on creating social capital. Thus, the main aim of social entrepreneurship is to further social and environmental goals.

Social entrepreneurship is more often than not associated with non-profit organizations. The performance of any business is measured by the profit it earns and its savings on operational costs. This yardstick cannot be employed in the case of social entrepreneurship whose aim is to create social capital. This usually comes in the form of social and environmental goals. Hence we may term a social entrepreneur as a person who applies the principles of entrepreneurship to a

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social problem. The skill of an entrepreneur in devising innovative ways of addressing social concerns and mobilizing the resources required is the key to social entrepreneurship.

Schwab concerns with the view of Bill Drayton that the key concept behind Social Entrepreneurship is not income, but pioneering innovation and effectiveness. This view forms the basis of the theory of social entrepreneurship. The selection of the two organizations viz, Teach for America which strives to enlist gifted graduates who could teach in economically weak schools and habitat which marshals volunteers for developing affordable housing for the poor bears testimony to this view.

SOCIAL ENTREPRENEUR: A MODERN VIEW

Social entrepreneurship demands the same confidence, motivation and innovation as any other business, but in a manner that accords priority to social development and the simultaneous creation of social and economic values. Hence, more than making a profit, it involves bringing about social changes by means of unique solutions that enable a community overcome the established obstacles. By definition most social entrepreneurs take on problems that are ideally in the domain of government concerns. Instead of waiting around for problems to be solved or brushing those under the carpet as many governments and societies are wont to, they see them as opportunities to effect positive change. Social entrepreneurship is, therefore, all about combining a vision for a brighter future with the realization that, achievement of long-term goals requires drastic effort and creative solutions. Furthermore certain amount of risk, as in any businesses venture, is always involved. Only in this case the risk is not limited to financial security but involves social activism and undiminished passion. In this context, social entrepreneurship activities may, on the face of it, look perilous but the risk pay off many times more in terms of their benefits to society. A nice case in point is that of Prof., Mohammed Yunus, the Nobel Laureate of Bangladesh. The professor worked among communities that lived below the poverty line in Bangladesh. He found out that lack of credit was the singular cause of their poverty which came in the way of their social and economic empowerment. It was seen that a micro credit of as little as USD 50 was enough to pull them out of then their poverty. Thus Grameen Bank came into existence which evolved on the principles of micro-credit financial institutions, designed to provide money to all those who were normally not eligible for formal credit. The Grameen Bank is an institution, which is making huge profits and also empowers the poor to free themselves of their economic shackles and helplessness. While development work used to be the sole domain of volunteer and non-profit organizations, social entrepreneurship introduced a new way of doing things combining the pursuit of social good with that of earning profit.

Of course it might be rather puzzling to speak of social objectives going along with earning profits. If profit alone is the objective of the company it engages only in corporate social responsibility and not social entrepreneurship. With social impact as bottom line the enterprise can also seek to sustain itself through the margin of profit it earns. Social results cannot be estimated in terms of profits made as a failure a loss on the social impact cannot ever be compensated with any amount of profit. It is a failed mission if a social entrepreneur succeeds in
making profits but not in turning them into effective social impact. This lays importance on an integrated approach towards making profits for social good. The main spin off of such an approach is that it educates people about the importance of taking care of their own lives. It does to provide dole out assistance. But it empowers people by providing them with resources they need to establish their lives. Poor and disabled people do not want sympathy, they want opportunities to be given to them to make them take care of themselves and stand on their own feet.

**SOCIAL ENTREPRENEURSHIP IS THE NEED OF HOUR**

Social entrepreneurship is a major area of interest in many social and civic organizations and has a significant impact on many areas of society. The past decade has witnessed economic resources becoming scarce and more difficult to acquire resulting in economic and cultural decline of society. It has become imperative now for society in general and communities in particular to take all such initiatives that will enhance their financial security and undertake all such programs as will ensure the overall economic stability in their region.

Social entrepreneurial initiatives are ventures designed to increase the social value of a community, organization or cause as it enhances the financial venture capital ability of a not for profit organization. Social entrepreneurship has been defined in different ways by many different theorists. Gary Mc Pherson, Executive administrator of the Canada centre for social entrepreneurship states that social entrepreneurship involves various individuals working toward meeting social and economic goals simultaneously while Bill Drayton CEO of Ashoka, defines social entrepreneurship as a term coined to describe “Individuals who combine the pragmatic and result – oriented methods of a business entrepreneur with the goals of social reform.”

A more basic definition of social entrepreneurship states that it is “the process of using entrepreneurial and business skills to create innovative approaches to social problems”. It is, therefore, a methodology that is presently being adopted to resolve community and social concerns globally. The term “Social Entrepreneurship” is not unique as it is called by different names in different countries. For instance, in Latin American countries Social Entrepreneurship initiative is referred to as “Micro Enterprise “. In India the same program would be identified as “Social Mission”. With social entrepreneurship being perceived by many as a new way of stimulating social change, Idea Winfield believes that the implementation of community focused service learning projects is the first step in exposing youth to the various attributes associated with social entrepreneurship through community involvement, Youth will begin to visualize and experience the various social issues within their community and envision ways of solving them.

**CORPORATE SOCIAL RESPONSIBILITY**

Often personal values justify the organizational efforts by entrepreneurs to focus on socially oriented ventures. An organization’s decision to utilize its financial gains for the enhancement of a community forms the basis for corporate social entrepreneurship. The term corporate social entrepreneur CSE is used relatively to entrepreneurial efforts that are directed to address social
concerns primarily with financial gains taking the second place. Thus while the corporate social entrepreneurs decisions have a direct bearing on the welfare of the community and the environment in the area of their operation, the corporate entrepreneur’s chief interest is personal gain from profits earned. Research has shown that besides business acumen, the moral, amoral or immoral behavior of the entrepreneur determines the success or failure of a social entrepreneurial venture.

A company would naturally like to invest in areas of social issues which provide it with a competitive edge and guarantee profits in order that its overall viability and stability remain intact. An example of social dimension projects is General Electric’s investment in underperforming high schools through only the country. General Electric believes that by investing their financial and professional resources in under performing high schools in areas where they have substantial financial investment already they are investing in enhancing a community, as well as directly increasing their future employment prospects.

Whole foods market is an organization whose social concern for the agricultural community is manifest in its decision to buy agricultural products from the farmers whole foods market maintain strict quality control over all of its products purchased and sold in all its locations. They have even extended their social and ecological efforts to the installation of wind mills for power generation as an alternative source of electrical energy. They use bio-fuel for operating their trucks and conveying the spoiled produce by trucks to compost sites located regionally. Though the investments in these technologies may incur heavy initial investment, the long term financial, civic and market exposure benefits for exceed the initial investment.

The philosophy of corporate philanthropy spells financial loss and many corporations are in fact at a loss. Between serving social causes and earning profits on investment there is always a conflict of interest. But rather than giving up their cause many corporations have hit upon a plan to generate funds by offering context giving programs. Context giving programs are programs in which resources are allotted to specific projects that will aid in the growth of the community while improving the company’s prospects at the same time.

An example of context giving programme is that of the CISCO Systems Networking academy which trains computer network administrators and provides job opportunities to those who complete the program. The Dream Works SKG film production program, likewise, trains low-income individuals in occupations that are needed in the film and entertainment industry. American Express Travel and Tourism Academy is yet another organization training high school youth for careers in the hospitality and tourism industry. Corporations that invest in context giving social venture programs are concurrently gaining positive return on their social investment, improving the economic climate of the communities of their region and gaining positive exposure for their organizations.

**SOCIAL ENTREPRENEURSHIP IMPACT ON THE COMMUNITY**

At times social ventures do not have the intended impact on the community. The impact of community focused business ventures has found that businesses started originally with the intent
of serving a community and helping it to grow often get derailed as they because focused on profitability and competition. Thus competition and profit motives are the factors that play a role in the performance of community oriented entrepreneurial ventures. While many foundations, trusts and philanthropic organization accumulate and distribute resources with the intent of serving specific community on social causes, many of them are intent to gain publicity for their efforts. Organizations also attempt to leverage their gifting efforts through not for profit organizations that are wiling to match the funding received. The success of funded programs is evaluated through performance outcomes and indicators and through promoting the organizations work via stories of success provided by program clients. By taking recourse to such methods the funding agencies can acquire value and exposure for their philanthropic efforts while their efforts for community development continue without interruption.

The worldwide popularity attained by warren Buffet and Bill Gates for their philanthropy and many leaders following in their footstep have prompted many corporations to explore ways to gain exposure through social entrepreneurship. Corporate social entrepreneurship involves in expressing concern for social causes through adopting social initiatives. In recent years many Fortune 500 companies have, with the intent of enhancing their corporate image, been funding various social causes.

Virgin Mobile in partnership with Youth Noise, a not-for-profit organization have brought the youth together for networking and brainstorming opportunities. Virgin Mobile has, in association with stand up for kids; the largest volunteer not-for-profit organization in the United States has implemented a scheme to expand its corporate social responsibilities activities. In this project recording artists offer ring tones to virgin Mobile both by way of free contribution as well as partnership agreements. 5 % of the ring tone sale proceeds is donate to various “VIRGIN MOBILE CHARITY PARTNERS. This initiative, established in 2006 is poised to raise over $ 250 000 annually.

Corporate ventures that provide opportunities for the employees and the consumers to witness and appreciate the social, community and other external benefits well be able to achieve global recognition and acceptance. Countries south of the United States where the concept of social responsibility has found acceptance in principle but in implementation only by a few the means suggested above can help. Many government organizations expect the private sector organizations to take responsibility for ensuring the stability and longevity of the resources in the whole of this region whereas the private sector world rather that the government took the first step in this direction.

**SOCIAL ENTREPRENEURSHIP: AN EMERGING NEW TREND**

This is an emerging new trend among business enterprises. More and more companies are becoming aware of their social responsibility. Today we find them adopting as part of their core operations a specific social mission not with profit motives but with a commitment to contributing to making the earth a better place to live. These are the social entrepreneurs. Implementing innovative strategies to fuel positive social action is social entrepreneurship. Both
for - profit and non-profit organizations comprise various social entrepreneurial organizations. Certain professionals having their own practice are there to offer spontaneously their professional service to communities in need. An analysis of the working ways of social organizations reveals their power and potential. Social entrepreneurship ventures have their own distinct methods of operation.

MODELS OF SOCIAL ENTREPRENEURSHIP SOCIAL SECTOR BUSINESS

A “Social sector business” is a business run with the motive of combining social mission with the maximization of profits. The service offered by such companies or the products marketed by them are directed towards addressing specific social needs. These businesses are also referred to as NJFP or Not Just for Profit. These organizations are self sustained and pay their way through their own earnings.

The Grameene Bank is one of the must successful examples of this particular social entrepreneurship model. It was founded in the year 1980 by Muhammad Yunus to help the poor in rural Bangladesh obtain micro loans without collateral. The success of this model is evident with 7 Million people availing micro loans and 95% of them being prompt in repayments. This is a phenomenal rate of repayment! The bank not only earned huge profit but attained world wide acclaim when its founder was awarded the prestigious Nobel Prize for Rural Development.

Earned Income Non-Profit

Another model is the Earned Income Non-Profit type in which the organization focuses on a social mission and makes profit on selling its own products and services to those who can afford it. They do not depend on donations and grants. These organizations are referred to as “Social Enterprises”. An example of this social entrepreneurship model is the Delancey Street Foundation. This foundation came into being in 1971 due to the efforts of John Maher and Minissilbert to rehabilitate ex-convicts, substance abusers and via homeless people in San Francisco. This organization does not depend on any government funding. Clients take care of the funding arrangements from the profits accruing from their businesses. In fact 65% of their funding is from client businesses which include a printing shop and a moving company. This foundation which has had a positive impact on at least 14,000 people, teaches various skills and offers marketable job ideas to its clients which eventually effects qualitative change in their lives.

Pro Bonus Practice Model

Pro Bonus Practice Model has groups of health practitioners, lawyers and consultants for its members. These people offer free professional advice and guidance to clients who cannot afford to pay, thereby paving the way for a positive change in the society. Those who can pay for professional help are charged a fee and necessary funds for its operations are thus generated. They also generate funds by selling products or services or even reaching out for sponsors. Dr. Juan Campos, a chiropractor in San Francisco is an example of this model of social entrepreneurship. Since the year 1988, he has been conducting free chiropractors camps once a
year in El Salvador. He has a group of chiropractors traveling with him who bear all their expenses from their income through their private practice.

**SOCIAL ENTREPRENEURSHIP AND NON PROFIT ORGANIZATION- A CONTRAST**

The inadequacy of our free market system and the unwillingness of the profit oriented organizations to address civic problems like pollution, poverty and illiteracy gave birth to non-profit organizations. These organizations rely primarily on charity public funds and foundation grants to carry out their operations and to cover their administrative overhead.

Non Profits are often confused with social enterprises. Traditional non-profits and citizenry have benevolent objectives as their motto. In contrast social entrepreneurs are result oriented and stand out by their pragmatic approach with emphasis on producing results. The social enterprise achieves the desired results through the revenue model. Over the years, nonprofits have been unable to sustain and achieve their intended goals. Consequently social entrepreneurs have stepped in to fill the voids. They create businesses to deliver products and services previously provided by non profits organizations and government agencies with more sustainability.

During recession two factors viz reduction in availability of funds and a simultaneous increase in the societal needs contribute to the financial woes of the non profits. As a result many non profits begin to experience financial pressures leading to a gradual erosion of their reserves. This situation forces them to seek new sources of revenue to meet the financial requirements. Most non profit leaders fight shy of the profit motives and the capital markets. Some non profit groups, however recognized that profit helps maintain sustainability and have added their business activities to the traditional hodgepodge of volunteers charitable donations and government subsidies.

**DIFFERENTIATE BETWEEN SOCIAL ENTREPRENEURSHIP AND TRADITIONAL BUSINESS**

Some people are confused about social enterprise and believe that there is no real difference between a social enterprise and a traditional business. Traditionally corporate philanthropy took a fairly thoughtless, perfunctory approach. Executives routinely gave corporate grants to their local nonprofits, to the cultural institutions on whose boards they sat and to universities and other institutions. At some point, the more enlightened companies took care to align their business philanthropy with their business strategy. Today most corporations recognize the value of participating in social causes and some of them have even taken social responsibility to a new level.

Companies such as Google, for example, have attempted social causes into their missions. Google has created a charitable arm – Google.org – which has apportioned over 100 million dollars in grants and investments for advancing social causes. **Does this make Google a social enterprise?** In as much as Google Organisation functions as a separate entity with social objectives it can be termed a social enterprise but the parent company Google is not. Traditional
business concerns itself with generating wealth for its promoters and share holders where social cause has no place. Social entrepreneurs by contrast, dedicate their business activities to meeting and solving the civic needs of the society they live in. As this is their declared mission they try to solve the problems confront the society indirectly through socially responsible practices like corporate philanthropy, equitable wages and the use of eco-friendly raw materials.

Traditional business ways and non-profit operations have in many ways been inadequate to meet the societal needs which together with environmental needs and demands are ever on the increase. Nonprofit organizations and social enterprises do continue to evolve in such a situation to discharge their obligations better. This trend of increasing the contributions to solving social and environmental tasks is witnessed in traditional businesses. This has a bearing an social enterprises which continue to influence and be influenced by trends affecting traditional businesses and non profits as well. In the final analysis, in all likelihood a greater number of social enterprises will play their part in meeting the increased social demands in future.

**VARIOUS PERSPECTIVES OF SOCIAL ENTREPRENEURSHIP**

Any organization on foundation needs to understand what social entrepreneurship is all about. For one it is about addressing social identifies social problems and issues. The entrepreneurs identify these problems and use his imagination to come up with solutions to the problem. When the solutions are arrived at, he then looks at various ways to make the solutions sustainable. That’s what a social enterprise’s for. Any development program for this kind of entrepreneurship needs to include several things as listed below.

1. **Creativity:** It’s not only about thinking out of the box. The students of this program should learn to view problems from different perspectives through new lenses. This way, they can avoid the “tried and tested” formulas and treading on the oft beaten track. If only students allow their imagination to soar as any number of solutions to the problems of the world could be found.

2. **Innovative solutions to problems:** This is the natural outgrowth of creativity. Problems will not go away by themselves. They have to be identified and solved. And the solutions must be long lasting so that their sustainability does not pose any problem. The challenge is to look at them in a different way until a most suitable solution is found.

3. **Networking:** Given the interconnectedness of the world today it is impossible to miss out on the importance of connecting with other like minded people. Networking is an essential component of entrepreneurship precisely because one person may not have the tools and the required experience to implement everything. With a good network, entrepreneurs will be able to come up with resources and support group that will help them realize their objectives.

4. **Mobilizing people:** This includes the recruitment and motivation of people to implement the goals envisioned by the entrepreneur. One of the biggest challenges faced by companies is to recruit the right persons. That’s why every entrepreneur needs to know how to recognize the right talents as well as the right team to carry on ably with the tasks at hand.
CONCLUSION

Social entrepreneurship is becoming increasingly popular these days. A good many people are beginning to realize that mere giving away of money or dealing out assistance alone will not solve the society’s problems. Instead there is better way of doing things in an organized manner. For this to happen the world needs more social enterprises which could be facilitated by a social entrepreneurship development program. All of these social entrepreneurship entities focus on social issues and integrate them into their business objectives to make an effective and significant contribution. What they all have in common is the creativity motivation, spirit and enthusiasm to make this world a much better place to live. Social entrepreneurship development program should be supported by the government and the private sector and their combined effort can more effectively address the issues of poverty and illiteracy plaguing the world. Social entrepreneurs are empathetic and have the ability to collaborate well with others, and to motivate them to acts of selfless service. Social entrepreneurship can be the solution to a better to morrow heralding a world free of hunger, social inequality and able to take on challenges on its own.

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