



SOCIAL ENTREPRENEURSHIP - CHALLENGES FACED BY SOCIAL ENTREPRENEURS

Mahammadshahid

Faculty of Commerce, Mangalore University P.G Centre, Karnataka.

Abstract

Social entrepreneurs are individuals with innovative solutions to society's most urgent social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to move in different directions.

Social Entrepreneurship by its nature is essentially only bound by the social mission and theory of change. The general perception of equating Social Entrepreneurship to starting Non-profit organizations probably arises out of the strong social missions that these organizations pursue. This paper discusses the meaning of social entrepreneurship and difference between Traditional and Business Entrepreneurship & Social entrepreneurship. This paper highlights the challenges faced by social entrepreneurs. Finally, the paper attempts to suggest the measures to overcome these challenges.

Key Words: *Social Entrepreneurship, Entrepreneurs, Role, Importance, Challenges.*

Introduction

The terms social entrepreneur and social entrepreneurship were used first in the literature on social change in the 1960s and 1970s. The terms came into widespread use in the 1980s and 1990s. A social entrepreneur identifies practical solutions to social problems by combining innovation, resourcefulness and opportunity. Committed to producing social value, these entrepreneurs identify new processes, services and products, or unique ways of combining proven practice with innovation to address complex social problems. Whether the focus of their work is on enterprise development, health, education, environment, labour conditions or human rights, social entrepreneurs are people who seize on the problems created by change as opportunities to transform societies.

Objectives of the Study

1. To study the concept and meaning of social entrepreneurship.
2. To study the role and importance of social entrepreneurship.
3. To study the difference between business entrepreneurship and social entrepreneurship.
4. To study the challenges faced by social entrepreneurship.

Scope of the Study

Scope of the study is related to understand the concept of social enterprise and to know the difficulties faced by the social entrepreneurs.

Research Methodology

The study is based on the secondary sources of data. Secondary data are collected through published sources like text books, journals, magazines and through the websites and also at the same time expert's opinion are also taken into consideration.

Limitations of the Study

- Time constraints while collecting the secondary data.
- All the data's cannot be generalized.

Definition of Social Entrepreneurship

Social entrepreneurship generally defined as - Entrepreneurship activity with an embedded social purpose there has been numerous attempts at defining Social Entrepreneurship. Social entrepreneurship is the work of a social entrepreneur.

According to Alvord, Brown & Letts' Social entrepreneurship creates innovative solutions to immediate social problems and mobilize the ideas, capacities, resources and social arrangements required for sustainable social transformation."

Meaning of Social Entrepreneurship

Social entrepreneurship is the process of pursuing innovative solutions to social problems. More specifically, social entrepreneurs adopt a mission to create and sustain social value. They relentlessly pursue opportunities to serve this mission,



while continuously adapting and learning. They draw upon appropriate thinking in both the business and nonprofit worlds and operate in all kinds of organizations: large and small; new and old; religious and secular; nonprofit, for-profit, and hybrid.

Role and Importance of Social Entrepreneurship

Social entrepreneurs play the role of change agents in the social sector by:

- * Adopting a mission to create and sustain social value (not just private value),
- * Recognizing and relentlessly pursuing new opportunities to serve that mission,
- * Engaging in the process of continuous innovation, adaptation, and learning,
- * Acting boldly without being limited by resources currently in hand,
- * Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.
- * With focus on positive change.
- * To make a positive impact on society.

1. **Employment Development:** The first major economic value that social entrepreneurship creates is the most obvious one because it is shared with entrepreneurs and businesses alike: job and employment creation. Estimates range from one to seven percent of people employed in the social entrepreneurship sector. Secondly, social enterprises provide employment opportunities and job training to segments of society at an employment disadvantage (long-term unemployed, disabled, homeless, at-risk youth and gender-discriminated women).
2. **Innovation / New Goods and Services:** Social enterprises develop and apply innovation important to social and economic development and develop new goods and services. Issues addressed include some of the biggest societal problems such as HIV, mental ill-health, illiteracy, crime and drug abuse which, importantly, is confronted in innovative ways.
3. **Equity Promotion:** Social entrepreneurship fosters a more equitable society by addressing social issues and trying to achieve ongoing sustainable impact through their social mission rather than purely profit-maximization. In Yunus's example, the Grameen Bank supports disadvantaged women. Another case is the American social entrepreneur J.B. Schramm who has helped thousands of low-income high-school students to get into tertiary education.

Differences between Business Entrepreneurship and Social Entrepreneurship

The primary difference between the business and the social entrepreneurs is the purpose for setting up the venture. While the business entrepreneurs' efforts focus on building a business and earning profits, the social entrepreneurs' purpose is to create social change. A business entrepreneur may create changes in the society, but that is not the primary purpose of starting the venture. Similarly, a social entrepreneur may generate profits, but for him/her that is not the primary reason for starting the venture. Profitability - not 'profit-making' - however, is important for the social entrepreneur. Being 'profitable' helps self-sustainability of the venture, and also works as a mechanism for self-monitoring. Another key difference between the social and the business entrepreneur is in the meaning of wealth creation. For the business entrepreneur, 'wealth' is same as profits. For the social entrepreneur, however, wealth also encompasses creation/sustenance of the social and environmental capital. Therefore, to be viable, a social entrepreneurship venture must show a positive Social and/or Environmental role of institution.

What makes social entrepreneurship distinct from business entrepreneurship is its unwavering focus on the social /environmental mission. This is true, no matter what legal structure the social entrepreneur chooses. For-profit social enterprises put mission before profits, typically using their excess revenues as a means of scaling the reach of their mission. Nonprofits are increasingly finding that they cannot rely on philanthropy to sustain themselves, much less grow. Thus, they are pursuing earned income strategies that leverage the organization's excess capacity and capability. By law, the earned income they generate must be reinvested in the enterprise and its mission. Hybrid social enterprises, which combine features of both for-profits and nonprofits, use this legal structure to expand potential revenue streams, all aimed at increasing and sustaining the organization's ability to pursue its mission. A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to make social change. Whereas a business entrepreneur typically measures performance in profit and return, a social entrepreneur assesses success in terms of the impact he has on society.

Challenges Faced by Social Entrepreneurs

There are many factors which may potentially enhance or inhibit the development of a social enterprise in a country. These include social attitudes, religious beliefs and prevailing cultural factors. In addition, legal, regulatory and taxation rules will



also play an important role. . A social enterprise faces the same issues that any traditional business faces in its growth and operations. But social entrepreneurs also face unique challenges in delivering the social value, social returns or social impact of the enterprise in addition to commercial value. Some of them are mentioned below:

1. **Funding:** Firstly, lack of standardized legal model for social enterprise is a common flaw in most countries. Secondly, access to finance is often a major issue given the weak business model and the associated risks. Ask any social entrepreneur and they will say they never have enough funds. And it is true. But it is not because there is a lack of funding; rather there is a lack of proper distribution of this funding. While big companies have huge pockets, smaller companies find it difficult to fund even small projects. It is very important for every company to have a business model, a way for you to generate funds continuously and sustainably without depending on donations from others. When starting out if you rely on donations to field your way through, then the chances of your success are quite low. A company may have enough funds from donations for a while, however you can never really be sure how much it will have in the future and hence cannot plan anything for the future. So it is always important to keep the funding in mind before starting out because only if we have funds we can do something worthwhile.
2. **Lack of skilled Man Force:** It is easy for every social entrepreneur to find volunteers. The challenge is to have volunteers who are really talented in what they are expected to do. For example if a company want to go and teach computers in an orphanage. However there is no use of your 100 volunteers if they themselves are not fluent with computers. Talented man force is a major concern from most small companies. There is a requirement of dedicated, hard working, committed people who understand the ideologies. Generally there is very little training required working in a social enterprise, hence it is important that the enterprise takes the initiative to train their volunteers because only then can get the best out of them.
3. **Lack of a Central Agenda:** Many companies in India try to focus on everything. Everything is their agenda. What they don't realize is that if you really want to do something useful, you need to have one central agenda and all your work needs to be focused around it. A company working for child education should focus purely on child education and not try and fight for rape victims. It doesn't mean that they shouldn't show their support. All it means is that they shouldn't forget that their central agenda is Education and priority must be given to education. There are many issues and ills that India faces today. Only if companies give their best focused efforts to fight them can they become useful in the fight for the India we dream off.
4. **Lack of Structure:** A structure in an organization is very important for a company to get the best out of its employees. It is even more important in a social enterprise because there is no way to measure the productivity of any employee. Their productivities can only be felt by their colleagues. Hence to get the best out of any team it is important to have proper structure in the team. The hierarchy of order must be maintained in a company as much as it needs to be maintained in any other foundation.
5. **Lack of a Plan:** If an entrepreneur wants to see a change in the country a plan is required. It is a long drawn out process that does require certain amount of thinking. For a company to have any impact on the society you need to figure out the what's, the why's and the how's. It will take time and hence it requires being patient, just as every other venture is planned out. A startup of a company will always require a business plan.
6. **Strategy and Long-Term Focus:** It is important to any business to identify a long-term strategy, define appropriate goals and drive growth in a sustainable manner. Difficulties for social enterprises again stem from the fact that the purpose of the organization is to create social benefits. It is often the case that multiple social benefits can mean multiple goals, all of which must be evaluated in terms of cost of provision to ensure true value creation. A strong strategy will identify a unique value proposition compared to other organizations and indicate clearly what the organization will not do. Activities of the social enterprise should work together and reinforce each other companies in India need to gear up and work toward the common goal we all have of the India of our dreams.
7. **Remaining True to the Mission:** Establishing a good strategy for the social enterprise will help to mitigate the possibility of mission creep. It is often easier to fight fires and not focus on the long-term goals of the organization, but this could result in an undesirable shift in the social value provided. A successful organization will continuously review strategy and work to improve it, but changes in the mission can cause confusion and dilute the organization's impact.

Conclusion

Man needs to give back to the society from which he takes so much during his lifetime. There is an immense need for a corporation to do the same, which is precisely why we have CSR. The Indian society is going through an interesting time of



transition. We are now looking to move away from being the food bowl of the world to becoming a technology and IT hub. This transition is causing a further increase in the gap between the rich and the poor of the country. While more and more Indians are now a part of the billionaires club, there are now more poor and hungry people on the streets of India than ever before.

Indian social enterprise sector has witnessed growth despite the odds against it. To promote the growth of this sector it is critical to understand the economics and value-creation model of social enterprises. The legal, tax and regulatory ecosystem must be consistent with business models of social enterprises. Further, adoption of information technology and e-governance are important to facilitate engagement, capacity building and monitoring of social enterprises.

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