

# SOCIAL ENTREPRENEUR, A POWERFUL LINK BETWEEN NEGLECTED SECTORS AND MARKETS

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## Abstract

*Entrepreneur is the pioneer to start and develop a business enterprise. He is the owner, manager and also motivator. The concept of entrepreneurship was introduced only two centuries ago but it became popular during last century. The scope of entrepreneur expanded covering different concepts. Social entrepreneurship is one of such concepts developed recently. It is a good blend of commercial and social issues for the good of the business and the society at large. Several business organizations and big companies are offering social and welfare services as a part of their Corporate Responsibility. CSR is a separate part of the business, but social entrepreneurship is a business with social motive. Such kind of business is essential for economies which are growing fast in spite of threats like over population and poverty. Though the concept of social entrepreneur is found in our society it is not recognized as an important element for economic progress. If this concept is recognized and promoted, it can make a significant change in the market and also in the economic system of a nation. The study on the performance of social entrepreneurs in a village Duggiral, of west Godavari District A.P revealed encouraging results and the entrepreneurs are able to achieve success. If the concept social entrepreneurship is popularized it can motivate young unemployed rural youth and is able to mobilize the local skills and resources which is essential for economic progress.*

**Key words:** Economic Activity, Ethical motives , Financial Risk, Governance, Micro finance, Social aim, Social Return on Investment. Factors of production

## Introduction

Business is the most essential economic activity for a nation's progress. Economic development depends to a greater extent on trade and industrial progress of the country.

India is an agricultural country and the role of industry in the economic development is not very significant. India is over populated country. Growth of population is very high when compared to the economic growth. As a result the Government or the economic system is unable to provide employment to all the factors of production especially to the eligible skilled and unskilled human resource. The Government alone cannot provide employment to the fast growing population but can create the base and favorable infrastructure for natural growth of employment opportunities. One of such areas is the rural trade and industry. It requires courage to launch any venture in rural areas because of non viability. But the opportunities for development are plenty in rural areas.

An entrepreneur is one who can turn a problem in to a successful venture and also has enough courage to take a challenge. If rural youth are able to acquire the ability and skills of entrepreneurs they can achieve great progress. Rural India needs social entrepreneurs who start a venture to solve a problem and turns it a business enterprise.

A social entrepreneur is one who dares to take a social problem or marketing gap and turns it a business unit. Today Indian rural sector is in great need of such social entrepreneurs. The success stories of such entrepreneurs can guide the prospective rural entrepreneurs.

In recently published article on social entrepreneurs in Eenadu Sunday magazine it was said that, "there are plenty of businessmen who can earn millions but very rare are those who start business with a social consciousness. The article is about a garments making industry established by a person who was very much moved at the working conditions and wages of women working in ready made dress making units and thought that if good working conditions are provided the same women can achieve wonders and started Behano. Now its turnover is in millions and Behano became an international dress designer. This is a success story of a social entrepreneur of Gujarat.

## Objectives of the study

- To make a study of strengths and weaknesses of social entrepreneurship.
- To study the impact of social entrepreneurs on economy

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- To make a study of performance of social entrepreneurs through selected sample.
- To identify the prospects for further development of social enterprises.

### Methodology

Data is collected from primary and secondary sources.

Primary data is collected from the selected entrepreneurs by conducting direct personal interview and through discussions. For the study 3 entrepreneurs were selected.

- Drinking water supplier
- Founder of a Primary School
- Mushroom growers

Secondary data is collected from reports and journals

### Limitations of the study

The following are some of the limitations of this study.

- The respondents are very much reluctant to give any kind of information.
- None of the respondents has any systematic accounts recording.
- Very insignificant data base is available with the respondents.
- They are reluctant to talk about sales turn over, admissions, gross income, profits or losses etc.

### Location

Duggirala is a small village but close to the West Godavari district head quarters Eluru. Majority of villagers are directly depends on agriculture and related activities. But due to the availability of educational facilities 100% of youth are educated. Sample respondents were selected from this village.

### Social entrepreneur

Entrepreneur is a pioneer to launch a new venture and develops it into a successful business. He is highly motivated to develop a new idea n to a business and is able to provide employment to many directly or indirectly.

“The entrepreneur is responsible for such economic decisions as determining what to produce, how much to produce and in what proportions to combine his resources of land, labour and capital.” - J.L.Hanson, Dictionary of Economics and Commerce.

Entrepreneurs are of different kinds. The concept of social entrepreneur is of recent development

### Meaning

The term social entrepreneur came into the business world recently. It was popularized by Bill Drayton, founder of Transformation Society Ashoka and Charles Leadbeater in 1980. Bill Dayton was the pioneer in the development of a social enterprise.

- Social entrepreneur is one who recognizes a social problem and uses business and managerial skills to create a venture to make a social change.
- Social entrepreneur aims at transforming a social problem into a business opportunity and provides solution to the problem and gains a business for himself.
- Social entrepreneurs are individuals with innovative solutions to society’s most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change.
- Social entrepreneurs are visionaries and are concerned with the practical implementation of their vision above all else.

### Example:

Ashoka, Bill Dayton is the largest network of social entrepreneurs worldwide, with nearly 3,000 Ashoka members who are the social entrepreneurs in 70 countries putting their system changing ideas into practice on a global scale. Ashoka has provided start-up financing, professional support services and connections to a global network across the business and social sectors, and a platform for people dedicated to changing the world. Asoka launched the field of social entrepreneurship and has activated multi-sector partners across the world.

Another example for social entrepreneurship is the concept of Micro Finance popularized by Mohammad Yunus of Bangladesh.

### Features of Social entrepreneurs

- It is primarily a social issue that motivates a person to undertake a venture.
- Ethical motives dominate the economic motives to begin the business venture.
- Entrepreneurial talent and new ideas to solve social problems is an important feature of social entrepreneurship programmes.
- Profit maximization is not a primary objective of social entrepreneur.
- He identifies a social problem and applies business principles to find a solution to it and that solution becomes a business..
- The issue need not be only a problem always but it can be a gap or a social need.
- Social entrepreneurship is basically a local or regional business.
- Ethical motives and social consciousness are the two important driving forces behind the development of social entrepreneurship.

- Social entrepreneur gains fulfillment than profits.
- Social entrepreneur focuses his attention on disadvantaged groups of the society or less privileged sections.
- Social entrepreneurs are the agents of socio economic change.

### Performance of Social entrepreneurs

For the study 3 different social entrepreneurs were selected from a village. Actually the respondents are not aware of the term Social entrepreneurs or related terms, but were able to give some information after a discussion on the topic of SE

Data and information were collected from the m through-

- Interview
- Discussions
- Observation of their business.

### History and development of the business

**School:** In a slum area of Eluru, close to the village the teacher, Mr. Ramesh (Respondent) found some students who failed in tenth Board examinations and felt sorry for them and started giving coaching in English and Mathematics at a very reasonable fee. Unexpectedly number of students doubled with in 3 months. He never thought that he will continue next year with such coaching. He also knows that he cannot gain economic benefit from such students and he gave coaching as a service without expecting anything from that group of students. But by the end of June of next academic year he has to shift his coaching centre from a small room of his house to a small building to accommodate 48 students of 9<sup>th</sup> class and 10<sup>th</sup> class.

After 7 years the teacher resigned to his job and started a separate school in his own building with a spacious ground and 14 staff members of teaching and non teaching.

The teacher started as a service to poor students but transformed the same into a successful venture. This is the story of a successful social entrepreneur.

### Water Plant

In Duggirala village there are around 200 houses but there is no proper drinking water facility. The entrepreneur without an expectation of return started ROC plant with the help of the Panchayat and local government. Unexpectedly with in a year the income on the plant doubled and today he employed 15 persons, including water cans suppliers to houses.

When he started the plant there was no idea of continuing it as a business because he thought in villages people don't buy water and he started as a service. Later with the help of local government he developed it as a business

unit. The Panchayathi gave him permission to use panchayat water and also site to construct plant but the condition is to supply water to villagers at a very concessional price.

### Mushroom Cultivator

Mr. Satish tried jobs after completing graduation and was not satisfied with jobs, observed that mushroom cultivators in and around his village are finding it difficult with marketing of products. They are depending entirely on the orders of the hotels or restaurants. He also observed that mushrooms are not available in some villages. Villagers can get product only from superbazars of the nearest town Eluru. In his market study he found that Mushroom is not a common vegetable in the diet of local people. He thought of starting a mobile shop and take the products to the door steps of consumers. He hired an autoriksha for 8 hours and arranged a mike in it. He collected mushrooms from the village cultivators and packed in small covers. On the day one he was able to sell all 100 packets and got some orders for next day. It was very much unexpected.

He decided not to depend only on the restaurants and he wanted to popularize the concept of mushrooms as good substitute for non-vegetarian food. He observed that in the villages people are not aware of the nutrition values of mushrooms and also they have no idea of cooking different items with mushrooms. He prepared four pages recipe books in local language and distributed along with a packet of mushrooms. He also arranged demonstration classes on cooking mushrooms in different villages.

With in a short time he started getting profits. Today he is managing five mobile shops and one retail outlet in Eluru. He is able to provide direct and indirect jobs to more than 12 persons.

A problem of some cultivators became a successful business venture. Now the trend of selling in autoriksha became a common media for several products.

**Table - 1: Profile of the respondents**

Particulars of Respondents business	Education	M/F	Age
School	BSc B.Ed	M	41
Water Plant	B.Com	M	32
Mushrooms Cultivation	BSc	M	26

The above table reveals that all respondents are male and belong to different age groups. But all are graduates. All three belong to a village close to a town Eluru.

**Table - 2 : Nature of business**

Particulars of Respondents business	Status before business	Experience in this work
School	Teacher	8 years
Water Plant	Working in a shop	4 years
Mushrooms cultivation	Unemployed	3 years

From the above table it is clear that the respondents are not having a permanent job. That is one of the reasons to take the risk of starting a new venture.

**Table - 3 : Employment generations by the respondents**

An entrepreneur is one who can provide some jobs to others.

Particulars	Direct Employment	Indirect Employment
School	14	More than 20
Water plant	3	12
Mushrooms	4	8
Total	21	40

From the details of the table it is clear that they are able to give employment to more than 60 persons directly or indirectly. This is a positive sign.

### Opinion on Income

Income is the primary factor for sustained progress in any economic or a socio-economic activity. The respondents are unable to give any audited statements of accounts or systematic record on the income particulars. Therefore only their opinion is considered for the study.

**Table - 4 : Opinion on Income**

S.No	Opinion	Total
1	Highly Satisfied	1
2	Satisfied	2
3	Not Satisfied	-
	Total	3

The school organizer, Mr. Suresh expressed that income is very satisfactory. But during first three years it was a tough time and now he says he is comfortable. To another question he added that future also good because strength of students is on increasing trend.

The other two respondents are satisfied with regard to the economic performance and expressed great hope on future.

It is interesting to note that none of them expressed dissatisfaction with regard to the

### Findings of the study

- All three respondents started business as a service or to fill the gap but not with profit motive.
- All the respondents expressed that they never thought of becoming entrepreneurs and were planning to settle in a permanent job.
- All of them started their venture with the self support and support from parents.
- Now all respondents firmly decided to continue the same business.
- In rural and semi urban areas three persons were able to create more than 60 jobs directly or indirectly and solved the problems of that region.
- If some kind of support may be financial or skill or some basic infrastructure are assured many more entrepreneurs can launch new ventures.
- All three respondents are educated and are able to think differently to become successful entrepreneurs.
- All are satisfied with regard to income but are reluctant to reveal the details.

### Strengths of Social entrepreneurship and its impact on the economy.

After the study and discussions with the respondents the following strengths are identified this can contribute to the economic progress.

- The concept of Social entrepreneurship will be a great help to fill the trade gaps in the economy which otherwise impossible to fill.
- Develops social and ethical values in the commercial economy which are essential for the competitive economy of today.
- Neglected areas can be developed especially the rural areas and also helps for balanced regional development.
- Local resources can be utilized to the optimum level
- Income of factors of production can be enhanced by providing employment to the factors of production.
- Protection to rural traditions and customs

### Problems of Social entrepreneurship

After the study the following problems and gaps are identified.

- Lack of profit motive may be a threat for competitive development.
- Social returns are more effective than economic returns in showing its impact on markets directly and economy indirectly

- It needs courage to take up the venture which is difficult for unemployed youth.
- The attempt is expensive and very much time taking effort for youth.
- Very uncertain about its future survival.
- Difficult to get financial support from banks because of financial and market risk associated with these ventures.
- Transparency in the governance of social enterprises is not satisfactory may be due to ignorance or negligence of the entrepreneurs. Example: No proper accounting system and no proper records of income and expenditure are found in any of the three entrepreneurs.
- The social entrepreneurs in unorganized sector need to be brought under the care of District Industries Centre and also under the Lead Bank of the district.
- Some problems can be solved if they are connected through Self Help Groups.

### Conclusion

Social entrepreneurs are definitely a hope for rural development if the required infrastructure and support are provided. They can fill up the marketing gaps and also encourage local technology, resources and skills. The Industrial policy can concentrate on such issues which are friendly for the development of social entrepreneurs.

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### Suggestions

- It is important to consider this kind of activity as an economic activity than a social issue for sustainable progress.
- The concept of social entrepreneurship can be promoted by applying the principles of micro finance through SHGs and the backing of banks support
- They are self motivated and self supported. If some technical training is provided by DIC or any such organization the success rate of the social entrepreneurs will be highly encouraging.
- The district level institutions and local government can form a separate policy of identifying social problems and encourage local youth including women to undertake such issues. If necessary they can be given primary training.
- It is very essential to motivate the rural entrepreneurs to maintain records and basic accounting registers.
- The success stories of social entrepreneurs can motivate others. They can be brought into light by giving some awards and publicity in media.