



## SOCIAL VALUE CREATION THROUGH SOCIAL ENTREPRENEURSHIP - A QUALITATIVE APPROACH

**Debolina Gupta**

Research Scholar, CMR University, Ramaiah Institute of Management

**Dr. E Eswara Reddy**

Associate Professor, School of Economics and Commerce CMR University

### ABSTRACT

The objective of this paper is to contribute to better understanding of the concept behind social entrepreneurship. A qualitative approach was carried out to better know the perception behind social entrepreneurs. A sample of 10 social entrepreneurs engaged in MSME sector were interviewed pertaining to the questions behind the success of social entrepreneurial activities. The questions were raised based on their success, market orientation, image and value creation and enterprise organization. The paper finally concludes that social entrepreneurs apart from their concepts, the activities are towards the welfare of the society and it improves the economic development of the country which is a boon for the society as well as country.

**KEYWORDS :** Social entrepreneurs, Social Entrepreneurship, Social Enterprise, Vulnerable groups, women empowerment, poverty, social status, value creation

### INTRODUCTION

Social entrepreneurship concept has been changing over a few decades. Till early 19th century, women entrepreneurs are looked upon as someone who took risks, addressed the uncertainties and established the business. But currently, entrepreneurship embraces the risks by managing the scarce resources and involving in the innovation of the new products and processes to improve the performance of the enterprise (Johnson, 2000). In developed countries, it is a method to exhilarate their economy and an incubator for technological advancement and product innovation. Whereas, for developing nations, women entrepreneurial activity is a new paradigm for economic development, poverty alleviation, employment generation and social upliftment. The concept needs to be clarified just to make those comments and that advocacy intelligible. Hence, entrepreneurial progress among women is widely encouraged by government and policymakers to stimulate wealth creation and overall development of a nation.

### Background of the Study

Evidence suggest that social entrepreneurship is more complex than just a response to a social cause, subsequently to the business development. There is no perfect definition for social entrepreneurship since it may be traditionally opportunistic (Zahra et al., 2009) and may be commercial business entrepreneurship (Tucker et al., 2019). As per Yitshaki and Kropp (2016) and Hu et al. (2020), social entrepreneur may be successive family business, but are influenced towards societal issues or development. These emerging lines of thinking and the discussion towards the concept of social mission encourage academicians questioning our established knowledge of the social entrepreneurship process more broadly, suggesting further scholarly inspection is required. This is the key purpose of this paper

### Methodology

Present study is a qualitative study. A sample of 10 social women entrepreneurs were interviewed personally. The entrepreneurs selected would have a minimum experience of 5 years and are success in their entrepreneurial process.

### The Drivers of Social Entrepreneurship

Exploring the view that is encouraged by an individual to enable social concept towards their mission is a highly motivated self-sacrifice. Globally, most of the societal problems and society needs are failed to recognize or failed to implemented in effective ways. Nevertheless, social entrepreneurs are personalities ready to discover new ways by counteract the obstacles in a innovative social model (Choi

and Majumdar 2014). Lot of explanations discussed previously by various researchers to find the reasons behind the increase of social entrepreneur.

In order to bridge the gap between welfare retrenchments and cost funding of non-profit organizations, social enterprise came into existence. This social enterprise are in the requirement of establishing market to withstand their firms and to build their social value creation (Kerlin 2006). This social entrepreneurship is not a new phenomenon but evolving in various innovative dimensions (Bacq and Janssen 2011)

Ghanshyam Das Birla (1894-1983) is a well-known Indian entrepreneur focused on textile later to paper mills and sugar production. The significant growth of paper and sugar production showed Birla as a successful business magnet. Bill Drayton, founder and CEO of Ashoka, coined the term social entrepreneur in 1980s (Barendsen and Gardner 2004).

In India, the pioneer of social entrepreneurship is Harish Hande from Udupi District, Karnataka, well known for his remarkable work which offers sustainable energy sources to rural regions in India. Muhammad Yunus, the winner of Nobel Peace Prize in 2006, known for his contribution towards rural by Grameen Bank has now become the family of social venture businesses. Women entrepreneurship is gaining pace throughout India. Only seven of 100 entrepreneurs in India are women and of them nearly half (49.9%) get into business out of necessity rather than aspiration (Report by LEAD at Krea University, 2020). However, since the last decades it has also sparked the interest of scientists, which led to an exponential increase in social entrepreneurship research (Sassmannshausen and Volkmann 2016). This new transition of social entrepreneurship rewrite their traditional business into innovative digital life especially during the pandemic. Various reasons were mentioned for the digital switch to ensure the business continuity to regain the business towards new normal. PM Modi's vision of 'Making India' enables the MSME sector (29 percent towards GDP through national and international trade) as a key contributor of Indian economy

Yet, the plethora of conceptualizations enable the academic researchers to find out the conceptualization behind social entrepreneurship. Various researchers observe social entrepreneurship as a multidimensional phenomenon (Choi and Majumdar 2014). Present paper is a qualitative study based on the discussions with various social entrepreneurship concepts: social value creation, the entrepreneur, the organization, market orientation, and social innovation (Choi and Majumdar 2014).

### Social Value Creation

Social value creation is a necessary condition for social entrepreneurship. Social value is all about co-creation. It is a process of co-creation between society, stakeholders, and company leadership. Hence it may be a necessary condition for social entrepreneurship. Social value creation can be attained by the presence as social entrepreneur, working in any of the not-for-profit organization, accepting the market positioning and finding any innovative way for any societal problem (Choi and Majumdar 2014). The indicator of these four sufficient conditions may vary according to situation. Some social enterprises find novel solutions for societal problems (Seelos and Mair, 2017) or they may accept the innovative decision and implemented efficiently and effectively in creating the social value.

#### Entrepreneur 1

She believes in "Together we grow". Her aim is to always reach out to artisans who are not exposed to the outer markets, procure products from them and market them. She personally makes sure to visit the artisans and watch them doing their art works. Currently, she started a new vertical as an Outreach Marketing Head at an organization called 'Mynusco' which is into manufacturing of eco-friendly products made of rice husk coffee husk and bamboo bio composites.

#### Entrepreneur 2

Social Entrepreneur with 27 years of experience in developing Rural Industrialisation programme for Bijapur District in Karnataka, supported by the Government of Karnataka and Small Industries Development Bank of India (SIDBI). My ideology is "Bringing together artisans of Athani, Nippani and Miraj (Kolhapuri chappals) for leather industry sponsored by National Leather development Program enhances the entrepreneurial activities by creating value.

From the above said views, it was observed that the value for society can be generated by solving a societal problem (Alvord et al. 2004). The mission of such social enterprise also spins around the societal problem (Bacq and Janssen 2011). Created value is shared widely among different stakeholders such as beneficiaries, donors, institutions, and commercial partners), and the return to society. The created value may influence social change, social impact, or social transformation (Bacq and Janssen 2011). This value is created and shared with the wider value network in which the organization is embedded. That includes the wider ecosystem, stakeholders (e.g., beneficiaries, donors, institutions, and commercial partners), and the return to society.

#### Social Entrepreneur

The process by which individuals or start-ups develop and fund solutions for any social issues is called social entrepreneurship. The person who explores the business chances which have the direct impact on the society (Choi and Majumdar 2014). The social entrepreneur must able to create social value while innovating socially in order to meet needs. They show similar characters with respect to profit-oriented peers. Empathy and moral obligations are the perceptive characters that distinguish from other entrepreneurs (Stephan and Drencheva 2017)

#### Entrepreneur 3

I believe in four basic elements of women empowerment which includes political empowerment, legal empowerment, social empowerment and economic empowerment. I trust "Education is the Manifestation of Life". Swami Vivekanda's words, I associated with the rural women of Udupi district in giving education.

Entrepreneur 7 started Arogya bar to provide nutrition in the form of bars as a snack. She conveyed "My focus is towards

vulnerable groups of children, women, and other marginalized groups that are in need of nutrition". My challenge is to find the key problems and to solve the issue. I find nutritional foods are inadequate to the vulnerable groups and they are finding it hard to access with their marginalized earning."

Entrepreneur 10 A retd personification of public service with an enviable career ranging from the Social Sector to IT, helps in the allotment of better lives of the women to be independent and empowered socially, psychologically and economically weaker section.

*Eradication of the reprehensible Devadasi System and the rehabilitation of the Devadasi Women and their offspring through the government allocation of land and employment.*

Social entrepreneurs are the founders and/or owner-managers of the social enterprise and are hence considered central to social entrepreneurship. They are often considered to be the individuals (or collective of individuals) who identified the opportunity to resolve the problem and subsequently initiated action (Choi and Majumdar 2014). In the present study, 5 entrepreneurs apart from their different societal activities, afford for education or giving education to the needs which support the study by Stephan and Drencheva (2017).

#### Social Enterprise Organization

Social entrepreneurship takes place within an organizational framework, which sets it apart from other forces of social change, such as social movements (Mair and Martí 2006). Social enterprises accept features from for-profit enterprises that typically create value for their founders and stakeholders. They expect some positiveness from charities who serve the public as opposed to private interests. Social enterprises are held accountable for both social and financial returns and therefore have to balance their Social Entrepreneurship and Sustainable Development (Ebrahim et al. 2014). Currently, social enterprises take different legal forms such as foundations, cooperatives, limited liability companies (LLC), or corporations. Some social enterprises have multiple legal forms, for example, one for commercial activities to serve customers and one for social activities to serve beneficiaries. Others have one legal form to simultaneously pursue commercial and social activities (e.g., by selling eyeglasses or microfinance to the poor). Each of these organizational forms faces different governance challenges and conditions that could lead to mission drift (Ebrahim et al. 2014).

In our present study entrepreneur 3 is a Founder of CRAFTS MANTRA- customised Eco-Friendly gifting solutions. She is the Treasurer and Secretary to the Samaj, Member of UCCI-Udupi Chamber of Commerce & Industry & District Small Industries Association. She works for the empowerment of women in Udupi district through charities and create value for the founders.

#### Entrepreneur 3

I provide employment to drivers, repatriation specialists, organ donation trainers, funeral helpers. Through this I am helping the beneficiaries in both the sides.

Each of these organizational forms faces different governance challenges and conditions that could lead to mission drift as supported by Ebrahim et al. (2014).

#### Entrepreneur 9

The rural women would be exposed to handicrafts, fashion designing, jute fabric designs, value addition to home made products, making hand bags etc

#### Market Orientation

The fact that social enterprises are driven by social value creation does not mean that economic value capturing is less important. As is already stipulated in the beginning of this chapter, the market orientation (i.e., economic value capturing) is crucial to sustain the social value creation. Value capturing comes down to the profit that is left after delivering valuable goods or services that a customer is willing to pay for (Santos 2012). The market orientation can involve commercial activities as in generating income from the social entrepreneurship activities or it can refer to effective and efficient distribution of social services and products (Choi and Majumdar 2014).

Entrepreneur 5 and 8 are the social entrepreneurs engaged in social and economic upliftment of women through entrepreneurship. They created a separate charities and framed schemes which would help women.

#### Entrepreneur 5

*Basically a software engineer, passion towards social work started Anthyesti, a company for funeral services has a turnover of 16 lakhs.*

#### Entrepreneur 6

*Basically I am a business women targeting agro based industries. But my objective is to contribute with rural people as "One district One product", under the government scheme. I signed MoU with FKCCI for providing different schemes for small scale business women. Also, I help women in getting funds through Federation of Indian Micro and Small & Medium Enterprises. I help in marketing of finished products, branding, registration, VAT of the rural women.*

Entrepreneur 8 is a social entrepreneur work towards supplying and trading Handmade Paper Bags, her Enterprise has made a reputed name for themselves in the market with high quality Handmade Paper Bags, Handmade News Paper Bags, Hand Made Carry Bags.

*My aim "providing employment to rural women, imparting training for their skill requirement". I believe in the concept of "uplift your village, district from where you belong to."*

In both cases, they see the market as a mechanism for creating and scaling their social impact (Mair and Marti 2006).

#### Developing the Solution and Scaling the Solution for Impact

The plethora required to understand the sustainable development goals needs different innovations to address them. Social entrepreneurs can play an important role in this because of their tendency in society to address problems that others overlook or cannot address as efficiently or effectively as social enterprise. In very simplistic terms, the process of responding to a societal challenge by a social enterprise consists can be implemented by adopting partial solution to the problem (the social innovation or ensuring the solution is accessible or (scaling of social innovation) based on a viable business model.

Researchers frequently described the social entrepreneur as an individual (Dufays and Huybrechts 2014). However, social innovation as well as scaling the social innovation does not take place by a social entrepreneur in isolation. Furthermore, the view of an individual does not take into account the fact that social enterprises can actually have multiple founders nor that the impact of the enterprise is the result of a collective (Bacq and Janssen 2011).

Social entrepreneurs have the skills to bridge multiple and diverse views by stakeholders in their networks (Dufays and Huybrechts 2014). It does not come as a surprise then those

social entrepreneurs develop and implement a solution by working together with target constituencies. Collaboration during innovation or scaling takes place within the social enterprise itself as well as among organizations and stakeholders. The latter is most likely when social enterprises are involved in broader institutional change, which may require close collaboration between policy makers and practitioners or in the case of public-private partnerships (de Bruin et al. 2017). In general, collaboration is important because it helps enterprises in reaching their mission, and in particular it helps social enterprises accessing resources and funding, strengthen legitimacy and access to capital (e.g., social and human capital) (de Bruin et al. 2017)

#### CONCLUSION

Research regarding social entrepreneurship has been rapidly expanding over the last years, and it became more institutionalized field to study in the academic world (Sassmannshausen and Volkmann 2016) and to engage with in practice. The majority of the research that has been published contributes to (or aims to contribute to) definitions, theoretical constructs, frameworks, and conceptualizations of social entrepreneurship (Sassmannshausen and Volkmann 2016). Despite the authors' focus on these issues, or maybe it is due to this focus, there has neither been a consensus reached on the definition nor on the conceptualization of social entrepreneurship. Even though the expansion of social entrepreneurship research resulted in a better understanding of social entrepreneurship, there is still a lot of space that needs further exploration. Study concludes that there is no separate definition for social entrepreneur. The focus is to understand the way in which (social) value is created. Even though social value creation is a necessary condition for social entrepreneurship (Choi and Majumdar 2014), there is slight arrangement on what it exactly is or how it can be attained. The business model required to serve the society and to evaluate about how the value is created and maintained is important. For example, social entrepreneurship should not only focus on the value perceived in creating market but also to study the beneficiaries' use value where the exact outcome can be measured as it is crucial for scaling social value.

#### REFERENCES

- Alvord SH, Brown LD, Letts CW (2004) Social entrepreneurship and societal transformation. *J Appl Behav Sci* 40(3):260-282. <https://doi.org/10.1177/0021886304266847>
- Bacq S, Janssen F (2011) The multiple faces of social entrepreneurship: a review of definitional issues based on geographical and thematic criteria. *Entrep Reg Dev* 23(5-6):373-403. <https://doi.org/10.1080/08985626.2011.577242>
- Barendsen L, Gardner H (2004) Is the social entrepreneur a new type of leader? *Lead* 2004(34):43-50. <https://doi.org/10.1002/htl.100>
- Choi, N. and Majumdar, S. (2014), Social entrepreneurship as an essentially contested concept: Opening a new avenue for systematic future research, *Journal of Business Venturing*, 29(3): 363-376
- Kerlin JA (2006) Social Enterprise in the United States and Europe: understanding and learning from the differences. *Volunt Int J Volunt Nonprofit Org* 17(3): 246-262. <https://doi.org/10.1007/s11266-006-9016-2>
- de Bruin A, Shaw E, Lewis KV (2017) The collaborative dynamic in social entrepreneurship. *Entrep Reg Dev* 29 (7-8):575-585. <https://doi.org/10.1080/08985626.2017.1328902>
- Dufays, F and Huybrechts, B. (2014), Connecting the Dots for Social Value: A Review on Social Networks and Social Entrepreneurship, *Journal of Social Entrepreneurship*, 5(2): 214-237.
- Ebrahim A, Battilana J, Mair J (2014) The governance of social enterprises: mission drift and accountability challenges in hybrid organizations. *Res Organ Behav* 34:81-100. <https://doi.org/10.1016/j.riob.2014.09.001>
- Santos FM (2012) A positive theory of social entrepreneurship. *J Bus Ethics* 111(3):335-351. <https://doi.org/10.1007/s10551-012-1413-4>
- Sassmannshausen SP, Volkmann C (2016) The scientometrics of social entrepreneurship and its establishment as an academic field. *J Small Bus Manag* 1-23. <https://doi.org/10.1111/jsbm.12254>
- Seelos C, Mair J (2017) Innovation and scaling for impact: how effective social enterprises do it, 1st edn. Stanford University Press, Stanford
- Stephan U, Drencheva A (2017) The person in social entrepreneurship. In: *The Wiley handbook of entrepreneurship*. Wiley, Chichester, pp 205-229. <https://doi.org/10.1002/9781118970812.ch10Tucker et al., 2019>
- Yitshaki, Ronit and Kropp, Fredric, (2016), Entrepreneurial passions and identities in different contexts: a comparison between high-tech and social entrepreneurs, *Entrepreneurship & Regional Development*, 28, issue 3-4, p. 206-233, <https://EconPapers.repec.org/RePEc:taf:entrev:28:y:2016:i:3->

4.p:206-233.

14. Zahra S, Gedajlovic E, Neubaum D, Shulman J (2009) A typology of social entrepreneurs: motives, search processes and ethical challenges. *J Bus Ventur* 24(5):519–532. <https://doi.org/10.1016/j.jbusvent.2008.04.007>