

Social Entrepreneurship: Challenges in Respect to Modern World

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Abstract

Social entrepreneurship is an approach by individuals, groups, start-up companies or entrepreneurs, in which they develop, fund and implement solutions to social, cultural, or environmental issues. This concept may be applied to a wide range of organizations, which vary in size, aims, and beliefs. This article puts forward a view of social entrepreneurship in respect to the challenges faced by them. Social entrepreneurship typically attempts to further broad social, cultural and environmental goals often associated with the voluntary sector in areas such as poverty alleviation, health care and community development.

01. INTRODUCTION:

Social entrepreneurship is distinct from the concept of entrepreneurship, yet still shares several similarities with its business cousin. The concept of "social entrepreneurship" is not a novel idea, but in the 2000s, it has become more popular among society and academic research, notably after the publication of "The Rise of the Social Entrepreneur" by Charles Leadbeater. Many activities related to community development and higher social purpose fall within the modern definition of social entrepreneurship. Despite the established definition nowadays, social entrepreneurship remains a difficult concept to define, since it may be manifested in multiple forms. A broad definition of the concept allows interdisciplinary research efforts to understand and challenge the notions behind social entrepreneurship. No matter in which sector of society certain organizations are (i.e. corporations or unincorporated associations, societies, associations or

cooperatives), social entrepreneurship focuses on the social impact that an endeavor aims at. Whether social entrepreneurship is altruistic or not is less important than the effect it has on society.

This article sets out to elucidate the meaning of social entrepreneurship in order to facilitate further research. Building on established research in entrepreneurship and recent studies on social entrepreneurship, we propose a working definition of the concept. We view social entrepreneurship broadly, as a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs.

02. LITERATURE REVIEW:

The terms *social entrepreneur* and *social entrepreneurship* were used first in the literature in 1953 by H. Bowen in his book *Social Responsibilities of the Businessman*. The terms came into widespread use in the 1980s and 1990s, promoted by Bill Drayton, Charles Leadbeater, and others. From the

1950s to the 1990s, the politician Michael Young was a leading promoter of social entrepreneurship and in the 1980s, he was described by Professor Daniel Bell at Harvard University as the "world's most successful entrepreneur of social enterprises". Young created more than sixty new organizations worldwide, including the School for Social Entrepreneurs (SSE) which exists in the UK, Australia, and Canada and which supports individuals to realize their potential and to establish, scale, and sustain, social enterprises and social businesses. Another notable British social entrepreneur is Andrew Mawson OBE, who was given a peerage in 2007 because of his urban regeneration work including the Bromley by Bow Centre in East London. Although the terms are relatively new, social entrepreneurs and social entrepreneurship may be found throughout history. A list of a few noteworthy people whose work exemplifies the modern definition of "social entrepreneurship" includes Florence Nightingale, founder of the first nursing school and developer of modern nursing practices; Robert Owen, founder of the cooperative movement; and Vinoba Bhave, founder of India's Land Gift Movement. During the nineteenth and twentieth centuries some of the most successful social entrepreneurs straddled the civic, governmental and business worlds. These pioneers promoted new ideas that were taken up by mainstream public services in welfare, schools and health care.

03. CONCEPT OF SOCIAL ENTREPRENEURSHIP:

Social entrepreneurship is the process by which individuals, startups and entrepreneurs develop and fund solutions

that directly address social issues. A social entrepreneur, therefore, is a person who explores business opportunities that have a positive impact on their community, in society or the world.

Social entrepreneurship is all about recognizing the social problems and achieving a social change by employing entrepreneurial principles, processes and operations. It is all about making a research to completely define a particular social problem and then organizing, creating and managing a social venture to attain the desired change. The change may or may not include a thorough elimination of a social problem. It may be a lifetime process focusing on the improvement of the existing circumstances.

Along with social problems, social entrepreneurship also focuses on environmental problems. Child Rights foundations, plants for treatment of waste products and women empowerment foundations are few examples of social ventures. **Social entrepreneurs can be those individuals who are associated with non-profit and non-government organizations that raise funds through community events and activities.**

04. PRINCIPLES OF SOCIAL ENTREPRENEURSHIP:

These seven principles were given by Prof. Muhammad Yunus in collaboration with Hans Reitz who is also the co-founder of the Grameen creative Lab. These principles are very simple in nature and easy to follow. They are important because they draw a distinction between social business and other businesses carried

out in the name of contributing to social welfare.

Like any other principle, **the seven principles of social business define the purpose of a social business and its modus operandi**. They outline the priority sectors for any organisation or individual that aims to venture into the field and also define the how the financials would be managed.

1. The first principle of social business defines the purpose of existence for any social business. It states that the business objective for a social business will be to overcome poverty or deal with some problem like education, nutrition, healthcare, environment and enabling technology access for the downtrodden and not just profit or share holders wealth maximization.
2. The second principle talks about the financial and economic sustainability. This is both from the perspective of the organisation and those who it aims to serve. Any social business is disallowed to take funds from outside like grants or NGO. Those who run the business are supposed to invest.
3. The third principle governs the return on investment. Investors in a social business are disallowed to take money beyond their investment. No dividend is given on the investment.
4. Amount earned over and above the investment is supposed to be reinvested back in for scaling the business and for improvement. Expansion here is aimed at reaching out to more number of people or to improvise the quality of services.
5. Social businesses are supposed to be responsible to the well being of the

environment. They are to play a major role in betterment of the environment either directly or indirectly. Indirectly means through their operations they will ensure that they do no harm to the environment.

6. Those working with the business as its employees will get a fair compensation, which is in accordance with the industry benchmark. In addition the workforce will get better working conditions.
7. Since social business is not with the objective of profit maximization. Therefore only those who have a passion for contributing to the society and the environment will run a social business. This means that business will run in an environment of joy and not stress.

05. CHALLENGES FACED BY THE SOCIAL ENTREPRENEURS:

- **Finding funding**

There isn't a business in the world that didn't wish it had more money to invest in expansion and achieving its mission statement. Unfortunately, when it comes to social enterprises this is usually a much bigger concern than for corporate enterprises. There are **two major challenges** when it comes to acquiring funding: convincing investors that not seeing a return for 5-7 years is worth the investment and standing out in a crowd of high-quality competition all vying for support for their critical issue.

- **Overcoming suspicion**

Social enterprises are often met with distrust. The public often questions their true intentions. Charities wonder why they aren't non-profit. Some media give them little coverage and assume they'll fail and fizzle away. This is a unique business hurdle to

overcome before you've even really got started.

- **Finding good manufacturers**

Unaccounted for additional costs can be a death blow for a business, shutting them down before they get a chance to begin their mission.

- **Remaining true to your mission**

So, there's a clear issue that's bothering you and you have a killer idea to solve it. It's often said that the simplest business ideas are the best, and that's no different for social enterprises. Moving away from the initial great idea can kill a business and it's something social entrepreneurs need to be equally wary of.

- **Lack of clarity in message**

Your social enterprise is all about the message. A social enterprise can fail to attract funding and an audience through a lack of clarity in its message. Without the message you're just another online store, software service, or half-thought start-up, the goal of your social enterprise is what sets you apart and can't be sacrificed. Weak messaging can destroy a good-intentioned mission like it can destroy a brand.

- **Building and following a ground up business plan**

All enterprises need a strong ground-up business plan to help achieve milestones. **The rigour of building and following a plan that is based on market realities and customer insight is critical. It ensures adequate focus on both raising funds and meeting operational targets.** Founders also find themselves more in tune with the market and their end customer requirements as they chase well-defined business targets and part of the scaling up process. Plus, an action-oriented team with a strong business

plan instills confidence in the investor community, as eventually the social enterprise will need to become profitable.

- **Investing in the right people**

Hiring the right people to compliment the skill set of founders is an essential part of scaling up for every enterprise. The social sector is no different as the skills required to sell, brand, and manage financials are specialized.

- **Balancing the vision with business**

A lot of social entrepreneurs start off as activists. And over a period of time, create a social enterprise that is in line with their passion. These founders need to draw a line between volunteering for a cause and running a profitable business. And it's difficult.

06. CONCLUSION

However, like all organizations, social enterprises face challenges while scaling up. Most of them are related to funding, people, process, and technology. In order to grow, the founders need to acknowledge the issues and work towards addressing the same.

Moreover, such enterprises don't need to hire long-term resources to solve specific problems. They can easily tap into a large base of experts who are willing to share their skills and knowledge for a good cause. But at the end of the day, it all depends on the founders and their vision. If the vision is strong enough and the founders are resourceful, the enterprise will succeed and thrive.

We rise by lifting others.”

—Robert G. Ingersoll

The above quote is illustrated by following examples:

TOMS

While it wasn't the first company to explore social issues, TOMS is arguably the brand that popularized social entrepreneurship over the past decade. Founded by Blake Mycoskie in 2006 after a trip to Argentina, TOMS began a one-for-one social entrepreneurship model, in which a pair of shoes would be given to children in need for every pair of shoes they sold. Today, TOMS has given over 95 million shoes to people in need, and has expanded their giving model to include access to safe drinking water, eye surgery, bullying prevention and safe births.

Lush

Lush is a cosmetics retailer founded in 1995 that sells soaps, shampoos, creams, shower gels, lotions and other cosmetics from vegetarian and vegan recipes. The company supports animal rights causes in a variety of different ways, such as purchasing products from other companies that do not conduct, fund or commission products that have been tested on animals. All of Lush's products are tested on human volunteers before they are released to the public. Since 2007, Lush has conducted their "Charity Pot" campaign in which 100% of the profits of Charity Pot products are donated to small organizations that focus on animal welfare, human rights and environmental conservation efforts.

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