

## Social Entrepreneurship—Trying to understand the meaning...

Trigger Question: Prof. Bholanath Dutta dated 07.10.2010.

Dear All,

"Entrepreneurship" is a buzzword in recent time. "Entrepreneurship" as a subject has been included in all management curriculums. Last year, it became more prominent during recession as many IT professionals left (forced/choice) companies and started their own venture and this year they have become very successful. We all agree too that entrepreneurship is must for the growth of any nation. The US is economically so strong because of lot of entrepreneurial activities and it is common for other developed nations also. Few big successful companies and public sector undertakings alone can't take the country forward after a certain level.

In entrepreneurship parlance there are many concepts like intrapreneur, corporate entrepreneur, social entrepreneur etc. The SOCIAL ENTREPRENEURSHIP is a very common word now-a-days. But many times I get confused with the meaning of "SOCIAL ENTREPRENEURSHIP". ... because of

- (i) Corporate can explore this area under CSR for building their brand equity. But this helps needy people to great extent.
- (ii) Charitable institutions undertake many programmes like poverty alleviation, education, primary healthcare etc.
- (iii) NGOs / NPOs also take up many assignments like charitable institutions and go to far-flung remote areas and helped the needy people.
- (iv) Academic institutions registered under society act and call themselves as social entrepreneur.
- (v) Politicians/political parties take up many charitable acts and try to develop their public image.
- (vi) Actor/Actresses very often go to orphanage and slum areas.
- (vii) Failed politicians convert themselves to social activists.
- (viii) Few people become social activist as an alternative to job.
- (ix) Every rich person and big personality like to get the tag "SOCIAL ACTIVIST"

(x) Many academicians find difference between societal entrepreneur and social entrepreneur.

Thus, I am really confused the meaning of SOCIAL ENTREPRENEURSHIP...Please pour in your thoughts.

Happy Knowledge Sharing.

*(i) Prof. Ram Katla*

Dear Prof. Dutta,

To define in simple terms:-

Social Entrepreneurship combines the passion of a social mission with an image of Business-like discipline, innovation, and determination commonly associated with. In short it is:

\*"An Entrepreneurial approach to address persisting social problems"\*

Now lets understand why there is this need for Social Entrepreneurship..?

- Many governmental and philanthropic efforts have fallen short of our expectations Major social sector Institutions are often viewed as inefficient, ineffective & unresponsive.
- What these Institution, Corporate & the Celebrity segment do... 'at least most of them' is to gain some browny points for a political / personal mileage but their core area of functioning / motives are different
- Though there are exceptions, the NGOs / NPOs don't provide a permanent solution to persisting social issues since they are more driven by passion but lack sustenance.
- As we all know, we are living in a cosmetic world & calls for an action on the areas of implication rather than pondering around areas of concern. We must also realise our duty as responsible citizens at what we must do to address the issues rather than being a mute spectators .
- Let me further remind couple of sayings from Mahatma Gandhi that must be viewed by going beyond the vicious circle of this cosmetic world we are currently in...

There is a need for all of us to pause here for a while to introspect on what we got from the past & what we should be giving for the generations ahead:-

1. The earth provides to every man's need but not everyone's greed.

2. On Economics & Ethics: Economics that hurt the moral well-being of an individual or a nation is immoral, and therefore sinful. Hence, a clear distinction is to be made between a Standard of Living & Standard of Life
3. Standard of living merely states the material & physical standard of food, cloth & housing
4. Standard of life could be attained only if, along with material advancement, there was serious attempt made to imbibe cultural & spiritual values & qualities

Sum-up:-

**SOCIAL ENTREPRENEURS ARE NEEDED TO DEVELOP NEW BUSINESS MODELS FOR A NEW CENTURY**

*(iii) Prof. Madhumita Chatterjee*

Dear Prof.

You have indeed raised a very pertinent question. In my view Social Entrepreneurship is not Corporate Social Responsibility. The first deals with a sincere commitment to social issues and working towards alleviating the situation in a responsible and accountable manner. It is not about offering an answer to all the ills but creating a sensitivity and awareness of the concerns so that there can be a common effort to solve them. At times it has to work towards being the conscience keeper. CSR is about being responsible in every act of business while earning profit. It is not about starting a foundation or trust where some money can be parked and used in some philanthropic work. Understanding social needs and weaving it into the strategy of the business is important. From sourcing of raw materials to reaching the customer at every step responsible behaviour is mandatory. The organization has to be accountable for its activities. Obviously practical implementation would demand trade-off between stakeholders and that is when the organization has to take a balanced decision about how to do that trade-off. It cannot be that one stakeholder can be sacrificed and annihilated at the cost of another. We have many examples where companies have followed this for short term glory and suffered tremendously in the long run- Wal Mart, Satyam, Bhopal Gas tragedy, BP, etc. Thus CSR has to be in the DNA of an organization. NPOs and NGOs if not sincere can become pawns in the hand of unscrupulous donors who can use them as a facade to ward off regulations. Very often they may have to follow the mother NGOs policies which may be based out of another country where the requirements may be totally different. Therefore this is where social entrepreneurship has an important role to

play.

Very briefly these are my thoughts.

*(iv) Wing Commander Subhash Sindhwani*

This is an interesting discussion - I for one would not want to care much for the dictionary meaning or bookish meaning of it. I do believe that there are many ventures which can't be done well by Government or by the corporate as CSR initiative (generally Government or corporate look at the investments which bring them returns in terms of votes/good will/profit/brand building) but which have large social objectives such as education, teach for India etc. The fact of the matter is that while many would want to call themselves as social entrepreneurs but their ventures are no different than any other business ventures as far as the return on investment objectives is concerned. At the end of the day all businesses have to meet some human/social needs and all have to have some return on the investment. But one distinction I would like to make while it would be legitimate to price a product very high and skim the market while the demand is high, a social venture cannot have the pricing on such a premise. To my mind a social product should not be sold at different prices to different customers with different return objectives. For example a seat in IIM could not be offered to the highest bidder, though differential pricing such as payment seats and free seats is an accepted practice. So there is a gap - which may be rather thin at time - amongst a venture with profit, venture with profit and social objective, venture with social objective and profit. In a market based capitalist society where success has become synonymous with acquisition and material wealth and the idea has become so deeply ingrained in our psyche, that we have started viewing every endeavour with suspicion. I was recently talking to a woman Regional Director of IGNOU who thought her job as a service to humanity not that she was not being paid for it. I think our approach and attitude to our work defines our underlying drive. As a chairman of community college, I decided to offer free education to students from weaker cross section of society in the evening batch but I asked them to pay when they get the job. I have to sustain the effort and therefore there must be some return. I cannot expect faculty to offer their services free as they have to run their households. I must maintain quality and ensure that as recipient of education, they draw benefit from it and the quality costs. Chief Minister of Chhattisgarh started selling rice to poor people at Rs 1 per kg as food security - though the objective was attracting votes and to me amounted to political corruption. He was hailed by many but look at the results many people dont want to work and have become useless with no incentive to learn and the policy is a disaster. Why do people do what they do, what needs drive them - to me contributing to society is what fulfills me and is my self actualization but I have my low level needs which also need to be met. Though I may have digressed from the subject but discussion on social

venture needs to be wider as the world needs today more and more social entrepreneurs. I for one believe that creating better understanding of the frame of development of social venture is the need of the hour. There is perhaps a need for greater deliberation on the subject.

*(v) Prof. Ramesh Vemuganti*

Dear all

I taught a subject on "Corporate & Social Entrepreneurship" for the Management students as an elective at University of Hyderabad recently. My learning is like this.

There are 2 types of Entrepreneurs prevailing today - Corporate & Social. A couple of decades ago, when Corporate were facing tough competition from smaller players, tech change, globalization, flight of talent, regulatory, they promoted this idea of CE.

Corporate E's are promoted by the Corporate, be it a company or group and the Entrepreneurship and its benefits are confined to the Corporate framework. Like what Mr Azim Premji does at Wipro to senior people, 45 plus, who had put in 20 yrs and want independence, will be encouraged to start off under the banner of Wipro. Several have sprung up. Also, Corporate E is responsible for several innovations done by Wipro and other Corporate, some of them ground breaking, taking the company to next level and saving the company, sometimes.

Social Entrepreneurship has 2 components - must be economically viable and a social cause addressing some societal issue.- creating jobs, green tech, helping the unemployed with a source of income, better healthcare, education and the social ills confronting the nation. yes, Social E is gaining preeminence today as it is the in thing, people are happy talking about societal benefit, it has a market as prospective customers will buy the goods, services, helps Corporate and India as a country on a much bigger platform. Social E is focusing more on starting ventures with bamboo, corn, biogas, haldi, chilies, agro foods, more natural & environment-friendly. Anyhow, other views I shall exchange in my next mail.

*(vi) Prof. Sanjay K Jain*

I do agree with what Ramesh Vemuganti says. Even on a personal I feel every shopkeeper or trader or manufacturer of usual items cannot be called as an entrepreneur. But I would to see if what Ramesh Vemuganti says is valid as per definition in vogue in literature. Or it not, we can think of creating a separate label such as 'Innovative Entrepreneur'. My only contention is that

whatever is being proposed should be in sync with literature and conceptual framework available in the field.