

## Social entrepreneurship: A key to societal transformation

-An exploratory study

**Tamizharasi.D**

Assistant Professor

MBA Department

RNS Institute of Technology, Bangalore -560098

Email: [tamizharasi.d@gmail.com](mailto:tamizharasi.d@gmail.com)

Phone: 9902545897

**Suhasini .J**

Assistant Professor

MBA Department

RNS Institute of Technology Bangalore -560098

Email: [suhu.15@gmail.com](mailto:suhu.15@gmail.com)

Phone: 9980511660

### ABSTRACT

It is widely accepted that Government and the conventional entrepreneurs cannot adequately meet all citizens' social needs especially in developing countries, hence the need for social entrepreneurship to fill this gap. Social entrepreneurs are persons who create and manage innovative entrepreneurial organizations or ventures whose primary mission is the social change and development. Social entrepreneurship combines the resourcefulness of traditional entrepreneurship with a mission to change society. It offers insights that stimulate ideas for more socially acceptable and sustainable business strategies and organizational forms. This study provides a comparative analysis of five cases of social entrepreneurs that have been widely recognized as successful in India. The paper suggests factors associated with successful social entrepreneurship that leads to significant changes in the social and economic contexts for poor and marginalized groups. In this study propositions about core innovations, leadership qualities, organizational arrangements and scaling up in social entrepreneurship that produces social transformation leverage have been analyzed. The study recognized the differences across the 5 cases in their innovation forms. In addition, capacities for bridging and adaptive leadership appeared to be present in most successful initiatives. Two initiatives SEWA and SPARC were characterized by both high

reach and high transformational impacts that were achieved through many organizational arrangements.

**Key words:** *Social entrepreneurship, marginalized groups, core innovations, organizational arrangements, social transformation*

### Introduction

Current trends in the world towards globalization, privatization and liberalization have brought about various challenges that have affected the balance of relationships between private, public and non-profit sectors. One of the biggest challenges is the emergence of complex social problems (Reis, 1999). The gap between the rich and poor to access development and basic life necessities like provision of water and sanitation, health, education and so forth has been widened. There has been high incidence of social inequity and exploitation of weaker section in our country. Therefore there is the need for new approaches to social problem-solving.

In this context, a new generation of social entrepreneurs has emerged that is driven by innovators who are using market-based approaches to solve social problems. Social entrepreneurship (SE) is emerging as an innovative approach for dealing with complex social needs in order to contribute to development (Reis, 1999). It is a way to catalyze social transformations well beyond solutions to various problems. It can produce small changes in the

short term that reverberate through existing systems to catalyze large changes in the longer term (Ashoka Innovators, 2000).

This study focuses on social entrepreneurship that creates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources, and social arrangements required for sustainable social transformations. We will draw on these perspectives in focusing attention on five aspects of the cases: the nature of innovations, the characteristics of their leadership, dimensions of organizational arrangements, and the paths by which they scaled up their impacts to produce societal transformations.

First, most definitions of social entrepreneurship emphasize the innovative character of the initiative, and both development and organization theorists emphasize understanding core strategies and tasks in explaining effectiveness. In comparing the cases, we will examine the nature of the innovation in successful social entrepreneurs.

Second, we will look closely at the leadership characteristics of successful social entrepreneurs. In some cases, leadership focuses primarily on individuals and their personal skills or attributes; in others- particularly in cultures that put less emphasis on individualism -leadership groups may be more important than individual leaders. We will examine the leadership qualities and their ability to work towards social problems.

Third, substantial evidence suggests that organizational and institutional arrangements are often important to effectively solving problems and expanding impacts. We will examine the organizational and institutional aspects of successful initiatives to identify common patterns.

Fourth, we are interested in the paths by which social entrepreneurial ventures expand to provide various services and benefits to more people. The scaling up strategies varies across different social enterprises. We will examine different approaches to scaling up visible across the cases.

Finally, the focus is on transformation leverage which refers to different arenas of primary stakeholder experience that can be affected by social entrepreneurial ventures. Social transformation leverage sustains their impacts and transforms larger systems in which they are embedded. We will examine different approaches that are successful in

catalyzing long-term changes in societal developments.

### **Review of Literature**

Seelos, J Mair (2005) stated that Social entrepreneurship paves the way to a future that may allow coming generations to satisfy their needs better than we are able to satisfy even the basic needs of today's population. Employing novel types of resources and combining them in new ways, SE is a rich field for the discovery of inspired models of value creation. G. S. Mort, J. Weerawardena, & K. Carnegie (2003) conceptualized social entrepreneurship as a multidimensional construct involving the expression of entrepreneurially virtuous behavior to achieve the social mission. The study also observed that Social entrepreneurship, the entrepreneurship leading to the establishment of new social enterprises and the continued innovation in existing ones, is much discussed but little understood and, given the increasing importance of such organizations, should be addressed. Venkataraman (1997) proposed traditional entrepreneurship sees the creation of social wealth as a by-product of economic value created by entrepreneurs. In SE, by contrast, social value creation appears to be the primary objective, while economic value creation is often a by-product that allows the organization to achieve sustainability and self-sufficiency. H. Alvord, L. David, C.W. Letts (2004) provided a comparative analysis of 7 cases of social entrepreneurship that have been widely recognized as successful. The study suggested factors associated with successful social entrepreneurship, particularly with social entrepreneurship that leads to significant changes in the social, political, and economic contexts for poor and marginalized groups. Hanna Duvnäs, Pekka Stenholm, Niklas Kiviluoto (2011) proposed that profit and sustained competitive advantage may not be the main reasons for innovating within social entrepreneurship. Although innovation has the potential of offering social entrepreneurial initiatives great possibilities to focus on social issues, it appears that the role of innovations within social entrepreneurship has been studied only to a very limited extent.

### **Methodology**

The study used qualitative research in discovering the enabling environment for Social Entrepreneurship. Since qualitative research involves in-depth understanding of human behaviors and reasons that

govern those behaviors, the study relied on a comparative analysis of selected cases of social entrepreneurship that have been widely recognized as successful in India. We seek to identify patterns and regularities across these initiatives. It is a proposition-generating rather than a hypothesis testing approach.

The study employed an explorative approach because the field is complex and not well known in India. Exploratory studies are valuable means of finding out what is happening to seek new insights, and assess phenomena in a new light (Robson, 1993).

In view of Social Entrepreneurship – A key to Social transformation, we have selected 5 cases that were

Widely regarded as successful social entrepreneurship on behalf of poor and marginalized communities;

Potential catalysts for societal transformations.

Information was gathered about the cases from published and unpublished reports and internet resources. The study used these data to identify patterns related to the areas of interest and compared patterns across cases. Table 1 provides a brief overview of the cases and their impacts.

**Table1: The Selected Social Entrepreneurship Cases**

Case	Key Focus	Reach
<b>Water life, India Private Limited</b> , Established in the year 2008 by Sudesh Menon.	Health, water and clean technology	It has set up 1,300 community water systems in 6 Indian states that have the highest levels of water contamination. Most Water life customers live below the poverty line and 1.1 million have availed safe drinking water from its community water systems
<b>Nidan</b> , founded by Mr Arbind Singh in the year 1995	Labour and Employment, Enterprise Development,  Waste Management	It builds profitable businesses and organizations that are led by workers from the informal sector, including waste workers, rag pickers, vegetable vendors, construction labourers, domestic helpers, farmers and street traders. 10,000 under privileged children , who previously could not access education, now go to formal schools and 24 community schools launched by Nidan.
<b>Self-Employed Association</b> : founded in 1972 by Ela Bhatt	Enterprise Development, Labour Conditions and Unemployment, Rural Women Development	Organized 315,000 self-employed women as union members. Improved working conditions, access to health care, credit, and savings for the more than 90% of India's self-employed/unorganized female laborers. Influenced the creation of self-employment labor division in the Indian government. Influenced the International Labor Organization to pass standards for home workers
<b>Selco Solar light</b> , a social enterprise established in 1995 by Harish hande	Energy, Environment, Rural Development	SELCO Solar Light provides sustainable energy solutions and services to under -served households and businesses in India. It leases solar -powered lights to street vendors. SELCO has reached 120,000 clients across the Indian states of Karnataka, Kerala and Gujarat. Energy services have led to improvements in the quality of life for thousands of people.
<b>Society for the Promotion of Area Resource Centers (SPARC)</b> was formed in 1984 by Jockin Arputham and Sheela Patel	Land Security, Housing, Infrastructure	It supports the mobilization and organization of communities of the urban poor in India. SPARC aspires to empower the urban poor in India gain access to the resources they need to upgrade and formalize their settlements. It has developed a strategy to achieve its goal of ensuring secure housing and infrastructure for the urban poor.

### Analysis of selected cases

This section examines the patterns identified across the selected 5 cases on five aspects: the nature of innovations, the characteristics of their leadership, dimensions of organizational arrangements, and the paths by which they scaled up their impacts to produce societal transformations. This study provides tables with brief descriptions of the cases on 5 dimensions. It also briefly discusses the concepts that emerge from this analysis and formulate propositions to describe their links to success.

### Characteristics of innovation

Social innovation refers to the application of innovative, practical, sustainable, market-based approaches that achieve social transformation, with an emphasis on under-served populations.. Social enterprises balance a social mission with financial viability and sustainability, existing between the public sector and private markets.

***Proposition 1: Successful social entrepreneurship is built on their core innovations to mobilize existing assets of under privileged groups***

The innovations described in Table- 2 are very diverse. They range from providing safe drinking water to poor people by Water life, to build profitable businesses led by Nidan, to support for grassroots social movements from SEWA, to support solar energy systems by SELCO and to housing and infrastructure development initiatives by SPARC. It is not immediately obvious that these innovations have much in common because they focus on different groups, implement different interventions, and seek to solve different problems.

The first column of Table 2 contains a brief

description of the basic form of the innovation. In this study, it has been identified three forms among these cases: building local capacity, disseminating an innovative package, and building a movement.

Building local capacity involves working with poor and marginalized populations to identify capacities needed for self-help and helping to build those capacities. This approach is based on the assumption that given increases in local capacities, local actors may solve many of their own problems. Other initiatives focus on disseminating a package of innovations that serve a widely distributed need. An underlying assumption of this approach is that information and technical resources can be reconfigured into user-friendly forms that will make them available to marginalized groups. A third approach is building a movement that mobilizes grassroots alliances to challenge abusive elites or institutions. The assumption underlying movement building is that increasing the political voice of marginalized groups can help solve their major problems. The below Table 2 provides a brief description of the basic forms of innovation.

The study focuses on innovations for improving the lives of poor and marginalized groups. The main focus in this table is on mobilizing existing assets of marginalized groups to improve their lives. A rating of “high” reflects primary reliance on the assets and capacities of local actors for self-help; a rating of “medium” indicates emphasis on self-help combined with continuing outside resources; a rating of “low” indicates that outside resources and services are essential to improvements. 3 out of 5 cases were rated “high” on mobilizing local assets and the other 2 were rated “medium”.

**Table 2: Basic forms of innovation**

Company	Innovation	Mobilizing assets
<b>Waterlife</b>	Innovative package : green and cost - effective water treatment technologies – to provide safe drinking water to people of below poverty line	<b>Medium:</b> Focus on improving the health of poor and marginalized people by partnering with governments, citizen groups and health workers. The emphasis is on technology to improve complex water contamination problems.
<b>Nidan</b>	Building local capacity: creates institutions and programmes which promote the economic and social development of India's marginalized workers.	<b>High:</b> Focus on improving the capacity of poor and marginalized people, to develop and participate in small businesses.
<b>SEWA</b>	Build local movement: Mobilize self employed women to campaign for policies to support work activities and to develop services to fulfill their welfare needs.	<b>High:</b> Focus on building capacities of poor, self-employed women to organize and secure economic and legal rights.
<b>SELCO</b>	Innovative package - Solar energy access to families living below the poverty line through a combination of customized energy service systems.	<b>Medium:</b> The company works with banks to structure innovative financing for customers and the user makes payment through monthly installments. SELCO further spreads the sustainable technology through "business associates". These entrepreneurs lease solar - powered lights to street vendors
<b>SPARC</b>	Build local movement: develops a strategy to ensure secure housing and infrastructure for the urban poor	<b>High:</b> Focus on setting up community area resource centres; encouraging communities to join a savings and credit programme to strengthen the financial assets and to create bond between poor communities to build their financial, managerial and organizational capacities to take on housing and infrastructure projects themselves

### Leadership qualities

The founders of social entrepreneurship initiatives come from rich and poor backgrounds. Some founders are individuals, and some are teams. There are no highly visible characteristics that distinguish these leaders by background, gender, and occupation, or even as individuals or groups.

***Proposition 2: Leadership qualities of successful social entrepreneurs are capacity to work with marginalized groups and to build bridges among diverse stake holders.***

Table 3 represents summary data and ratings across the cases on a dimension of leadership that depicts the characteristic of successful social entrepreneurs which enable leaders to work effectively across many diverse constituencies.

The first column of Table 3 describes each initiative in terms of its leadership's ability to understand and work effectively with community whose concerns and resources were critical to the initiative. The study rated the leadership "high" when it could understand and work effectively with all of the stakeholders that are central to the organization's strategy, "moderate" if it had the skills to work with most key stakeholders, and "low" if it was ignorant of or at odds with stakeholders critical to its success.

**Table 3: Characteristics of initiatives Leadership qualities**

Company	Leadership qualities
<b>Waterlife</b>	<i>High:</i> Founder was Country Head for General Electric (GE) based in KL, Malaysia. Partners with local governments, citizen groups and health workers who drive the education and awareness for clean drinking water.
<b>Nidan</b>	<i>Moderate:</i> Founder was a lawyer started working with vendors has been active in the development of this sector. However, leader had difficulty in building broad coalitions for expanding impacts and has not maintained strong donor relationships.
<b>SEWA</b>	<i>High:</i> Founding team of two development activists provides support to poor, self-employed women in countries with large informal economies. Maintained relationships with elite officials, professionals, and social activists while convening disparate groups of very poor, self-employed women around common issues.
<b>SELCO</b>	<i>High:</i> Founder was engineer worked with business associates and banks to provide sustainable energy solutions and developed networks with international agencies.
<b>SPARC</b>	<i>High:</i> Founder team of two social activists grew up in poor family. Maintained relationships with representative organizations to partner with governments and international agencies for the betterment of poor urban communities.

### Organizational arrangements

There are different management styles and organizational arrangements that are followed in various organizations. The Table 4 focuses on four aspects of operational organization that appear to be important to the success of these innovations: size, management systems, staff development, and evaluating activity.

**Proposition 3: Social entrepreneurship initiatives tend to expand their impact on the society by their organizational arrangements.**

**Table 4: Organizational Arrangements of selected cases**

Company	Organizational arrangements
<b>Waterlife</b>	<i>Size-</i> Moderate- staff works with government, citizen group and health workers. <i>System-</i> Medium –There are comprehensive delivery systems and little data on technical systems. <i>Staff-</i> Medium- There is training for field levels but not at middle and upper management levels
<b>Nidan</b>	<i>Size</i> - Large- Staff works with marginalized group of informal workers and local communities. <i>System</i> -Medium- Have strong service delivery and financial systems <i>Staff</i> - High- Trained staff and trainers for local work
<b>SEWA</b>	<i>Size</i> - Large- Staff works with members on campaigns and delivers services. <i>Systems</i> - High- There is well-developed governance and management systems. <i>Staff</i> -High- Training comes from SEWA Academy.
<b>SELCO</b>	<i>Size</i> - Small- Staff and consultants develop package <i>System</i> - Medium- Management relies on technical consultants and presence of strong financial and planning systems <i>Staff</i> - Medium- Commits significant budget for training and promotes from within
<b>SPARC</b>	<i>Size</i> - Very large- staff delivers services to the urban poor <i>System</i> -High- There is comprehensive service delivery as well as strong financial systems <i>Staff</i> - High- Trains staff but without formal system

The size of these organizations range from tens of thousands to hundreds of staff members. This diversity in size does not appear to be organized by type of innovation.

These initiatives also vary considerably in their management systems. SEWA and SPARC have invested heavily in management systems—such as financial and technical systems, clear divisions of responsibility, and leadership succession plans—that are critically important to running large agencies. Others, such as Waterlife, Nidan and SELCO, have focused much less attention on management and management systems.

The initiatives vary considerably in their attention to staff development systems as well. The organizations with the largest staff - SEWA, SPARC and Nidan, - also have strong commitments to staff development. Waterlife and SELCO are less explicitly invested in staff development

### Scaling up

All the selected initiatives have been successful in expanding and sustaining their impacts to some degree. But there are substantial differences in the extent to which they have been able to do so. Three major patterns of scaling up have been identified in this study and they are:

- 1) Expanding coverage to provide services and benefits to more people
- 2) Expanding functions and services to provide broader impacts to primary stakeholders, and
- 3) Initiating activities that change the behaviour of other actors with wide impacts, scaling up impacts indirectly.

The patterns of scaling up of the selected cases are summarized in Table 5.

***Proposition 4: Scaling up strategies of successful social entrepreneurs vary among organizations***

**Table 5: Scaling up Strategies of selected cases**

Company	Scaling up Strategy
Waterlife	Create new green and cost effective water treatment technologies. Has setup 1300 community water systems in 6 Indian states that has highest level of water contamination <b>Expand coverage via government service, citizen groups and health workers.</b>
Nidan	Develop programs for marginalized groups and train them so as to align these individuals into professional based groups. It has bought 4, 00,000 workers from the informal sector and positioned them as legitimate competitors. <b>Expand coverage by training more people.</b>
SEWA	Provides broad array of financial, health, childcare, insurance, legal, vocational and educational services to its members. <b>Expand by giving adult education and training services to women population</b>
SELCO	Create solar technology and runs its grassroots operations through 25 energy service centres. SELCO has reached 1,20,00 clients across Indian states <b>Expand by spreading the sustainable technology through business associates who lease solar powered lights</b>
SPARC	Develops programs that provide administrative, financial policy, documentation and other support services to ensure secure housing and infrastructure for the urban poor. <b>Expand coverage by building larger network of local partners.</b>

The selection of scaling up strategy appears to be related to the form of the innovation. For **capacity-building programs**, like Nidan and SPARC developed programs or activities that enhanced client group capacities and then scaled up the delivery of those programs to serve large populations of villages or groups. For **movement-building initiatives**, the scaling-up impacts often depend on influencing the actions of other actors, such as policy-influence targets or campaign allies affected by the initiative's work. Thus, SEWA campaigns with many other actors to reshape the policies of municipal governments and national policy makers. The **package dissemination programs** like SELCO solar light and waterlife India, by contrast, have created more narrowly defined interventions that can be applied to individuals.

### Social transformation leverage

Transformation leverage refers to different arenas of primary stakeholder experience that can be affected by socially entrepreneurial ventures. Table 6 focuses on the initiatives of different social transformation strategies and its impact on selected initiatives.

***Proposition 5: Successful social entrepreneurship initiatives have different social transformation strategies.***

**Table 6: Social transformation strategies and its impact on selected initiatives.**

<b>Company</b>	<b>Transformation strategies</b>	<b>Overall impact on initiatives</b>
<b>Waterlife</b>	<i>Cultural:</i> Education and awareness for clean drinking water. <i>Economic:</i> Cost effective and safe water facilities.	<i>Reach:</i> Medium <i>Transformation:</i> Economic is medium; Political is low; Cultural is high.
<b>Nidan</b>	<i>Cultural:</i> organize programmes and creates institutions for marginalized groups on social development problems <i>Economic:</i> Builds profitable businesses and organizations.	<i>Reach:</i> Medium <i>Transformation:</i> Economic is high; Political is low; Cultural is medium.
<b>SEWA</b>	<i>Cultural:</i> Legitimate new roles and choices for poor women. <i>Economic:</i> Improve business climate for self employed women. <i>Political:</i> Empower poor women for voice on harassment.	<i>Reach:</i> High <i>Transformation:</i> Economic is high; Political is high; Cultural is high.
<b>SELCO</b>	<i>Cultural:</i> Energy services have led to improvements in the quality of life. <i>Economic:</i> Better education for children, commercially viable venture through sustainable technologies.	<i>Reach:</i> Medium <i>Transformation:</i> Economic is high; Political is low; Cultural is high.
<b>SPARC</b>	<i>Cultural:</i> Empower the urban poor in India gain access to the resources. <i>Economic:</i> Provides housing and infrastructure facilities for the urban poor. <i>Political:</i> Empower urban poor for voice on key issues.	<i>Reach:</i> High <i>Transformation:</i> Economic is medium; Political is medium; Cultural is high.

For some initiatives, the primary arena of social transformation on impact is economic. Nidan seeks to improve incomes by providing working capital to marginalized workers. For other initiatives, the primary transformation leverage is in the political arena. SEWA, for example mobilized street vendors as united front to protect themselves from abuse by municipal police and bureaucrats. For still other initiatives, the transformation leverage is primarily cultural. When SPARC organized people to gain access to resources and it began to change cultural norms and expectations by providing housing and infrastructural facilities.

The second part of the table 6 identifies the initiatives transformation leverage in the sense of their intended strategies for generating social transformation. It assess the initiatives overall impacts in terms of reach and transformation effects. The reach of the initiatives refers to the number of people benefited by its programs. "High" indicates on more than 1,000,000 people, "Medium" indicates impact on people between 10,000 to 1,000,000 people and "low" reach indicates an impact on fewer than 10,000 people. Leverage for political

transformation was used less frequently, only SEWA mobilized women in the informal sector to influence decision makers in many contexts. Finally activities that used leverage for cultural transformation were also common among many initiatives. For example Waterlife, SEWA, SELCO and SPARC alter the abilities of marginalized groups to solve local problems and improve their quality of life.

### **Findings and conclusion**

This research has sought to identify patterns across a small set of successful social entrepreneurship initiatives. The information suggests several patterns, which has framed as propositions. The study recognized the differences across the 5 cases in their innovation forms. The forms that were identified—building local capacity, disseminating a package, and building a movement—are quite different. Regardless of this innovation all the initiatives sought to mobilize and build on the assets of the poor community they served. As a result, they were able to leverage relatively small investments to produce sustained changes, resourced in large part by poor and marginalized groups. In addition, capacities for



bridging and adaptive leadership appeared to be present in most successful initiatives.

All three innovation forms demonstrated the potential for reaching millions of people and catalyzing high levels of social transformation in one or more of the cultural, economic or political arenas. Two initiatives SEWA and SPARC were characterized by both high reach and high transformational impacts. SEWA created local, national and international alliances of membership organizations to mobilize women in the informal sector which indicates that high reach and high transformational impact can be achieved through many organizational arrangements; depending on the issues and the strategies adopted to expand the initiative. The study aims to provide avenues for further exploration by practitioners and researchers of social transformation. The intent of this analysis is to provide further exploration of the emerging phenomenon of entrepreneurship, which can make a great difference in the next century of human and societal development.

#### NOTE

The following Web sites were used to collect background and impact information on the initiatives:

[www. Waterlifeindia.com](http://www.waterlifeindia.com)

[www.nidan.in](http://www.nidan.in)

[www.sewa.org](http://www.sewa.org)

[www.selco-india.com](http://www.selco-india.com)

[www.sparcindia.org](http://www.sparcindia.org)

#### References

- Ashoka Innovators for the Public. (2000). *Selecting leading social entrepreneurs*, Washington, DC.
- Christian Seelos, Johanna Mair, Social entrepreneurship: Creating new business models to serve the poor (2004), IESE Business School. Working Paper 553.
- Gillian Sullivan Mort, Jay Weerawardena, & Kashonia Carnegie(2003), **Social Entrepreneurship: Towards Conceptualization** *International Journal of Nonprofit and Voluntary Sector Marketing*, Vol.8, Iss. 1; pg. 76, 13 pgs
- Leadbeater, C. (1997); *The Rise of the Social Entrepreneur*, Demos, London
- Reis, Tom (1999) *Unleashing the New Resources and Entrepreneurship for the Common Good: a Scan, Synthesis and Scenario for Action*. Battle Creek, MI: W.K. Kellogg Foundation. 27 Pp
- Robson, C. (1993). *Real world research: A resource for social scientists and practitioner Researchers*, Oxford: Blackwell.
- Sarah H Alvord, L David Brown, & Christine W Letts. *The Journal of Applied Behavioral Science*, Arlington: Sep 2004. Vol.40, Issue. 3; pg. 260, 23 pgs
- Venkataraman, S. (1997). The distinctive domain of entrepreneurship research. In J. Katz (Ed.), *Advances in Entrepreneurship, Firm Emergence and Growth*, vol. 3 (pp. 119—138), Greenwich, CT7 JAI Press.