

# Innovations

## Social Entrepreneurship, Social Innovation and Social Enterprises: An Indian Perspective

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### Abstract

*Social Entrepreneurship, social innovation and social enterprises bring positive change to society. It deals with the social well-being of the vulnerable and common people whose interests remained unaddressed due to competitive markets. Such competitive markets created a situation that led to the negligence on part of social issues like health, education, employment and environmental sustainability thus creating numerous problems. But with the application of social entrepreneurship and social innovation, there is a gradual improvement in society. In order to understand the application of these concepts, three social enterprises are analyzed on a case-based approach in the Indian context. Primary data was collected through focus group interview for gaining insight into how these social enterprises are providing solutions to some of the societal problems and reshaping the social landscape. It is found that social enterprises are coming up with novel innovations and undertaking praiseworthy efforts to address societal problems in different sectors and consider social commitment as an important criterion followed by scaling up their business to remain in the market while offering viable solutions to different societal problems and makes society better-off.*

**Keywords:** 1.Social Entrepreneurship, 2.Social Innovation, 3.Environment, 4.Sustainability,5. Employment

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### Introduction

Social Entrepreneurship, social innovation and social enterprises bring positive change in society. It deals with the social well being of the vulnerable and common people whose interests remained unaddressed due to competitive

markets. Such a situation led to the negligence on part of social issues like health, education, employment and environmental sustainability thus creating numerous problems. But with the application of social entrepreneurship and social innovation, there is a gradual improvement in society. It has wider scope in developing countries than in advanced nations due to educational-income disparity & access to basic amenities and like in developing countries. Social entrepreneurship is more of a business side of social change, whereas social innovation is process aspect to generate social change (Portales, 2019). Social Entrepreneurship is imperative to economic growth and inclusion, particularly for developing economies and is an emerging discipline that generates social impact through an entrepreneurial approach, helping to boost the economy and its social fabric (Summerfield, 2020). Social entrepreneurship and enterprises now become popular and positive rallying points for those trying to improve the world, but social innovation is a better vehicle for understanding and creating social change in all of its manifestations (Phills et al., 2008).

Drayton described it as solving social problems with the application of business principles to the social sector in an entrepreneurial way. It is an important element for economic development where the organisations are more like hybrids, which have both social and financial goals to achieve, but lack proper definition so a systematic review is required. Due to this, it is gaining attention among academia and policymakers to explore new dimensions and further research. (Alvord et al., 2004; Braunerhjelm and Hamilton, 2012; Rahim and Mohtar, 2015). Social innovation is the key element of social entrepreneurship brought by social entrepreneurs, who foresee the impact of existing problems in the community/society, put together the novel idea, and necessary resources and create innovative yet socially desirable products/services to bring sustainable social transformation in various areas like health, education, employment generation, and environment. Social innovations are new ideas that meet social needs, create social relationships and form new collaborations for more effective as well as efficient and sustainable solutions (Phills et al., 2008; European Commission, 2017).

A thoughtful analysis of social entrepreneurship reveals that the social entrepreneur is an innovative individual who questions established norms of society, and implements entrepreneurial dynamism to improve as well as help the society rather than making a profit by exploiting business opportunities. Social Entrepreneurs are bringing change in society through social innovation to society's most pressing needs by creating niche in the field of social entrepreneurship (Bornstien 2004; Kariv 2011; Kostetska&Berezyak 2014). The social entrepreneurs can transform these market imperfections into opportunities to have a sustainable business model and fill the gap by social innovation through viable solutions.

Unlike entrepreneurs who are customer/product-oriented coupled up with profits, social entrepreneurs are action-oriented individuals primarily motivated to generate social value and try to bridge the economic divide by improving the socio-economic condition of people. They have a unique approach which is evolutionary as well as revolutionary, creating a self-sustainable business model for a free market economy, resulting in the success that is not measured only in terms of financial profits but rather in terms of improvement in the socio-economic standard of the targeted people and positive change in environment.

### **Social Enterprises**

Developing countries are convoluted with intricate cultural values, ethos and social strata comprising vast demographic and differing economic profiles of people. The population especially at the bottom of the pyramid faces problems related to health & nutrition, education, sanitation, unemployment and environmental concerns, where either government or the business sectors are expected to address these socio-environmental issues. Even though the various developmental activities carried out by governments or businesses sometimes may not deliver the intended outcome, there opens a window of opportunity for social entrepreneurs who tend to identify areas of improvement and try to solve the problem by sensitizing & spreading awareness and influencing the people's attitude for positive change by offering feasible solutions. Some examples worth mentioning here are the world-famous

Land Gift Movement or BhoodanAndolan led by Vinoba Bhave in the 1950s (S.K., 1958), SulabhShauchalyaSansthan started by Bindeshwar Pathak in 1970, Dr GovindappaVenkataswamy's Aravind Eye Hospital and Muhammad Yunus brainchild idea of Grameen Bank that conferred the Nobel Peace Prize in 2006 (Keohane, 2010). Such initiatives set the ball rolling for establishing social enterprises in a more formal setup and self-sustaining, revenue-generating business models to address various issues pertaining to society.

Even though the term social enterprise or social start-up seems of recent origin, the philosophy is not, and history is full of such inspiring revolutionary examples to learn and implement customised solutions for improving the socio-environmental well-being of society. Social start-ups thus can be defined as any start-up that has three attributes namely a) the idea must be innovative and novel, b) the idea is scalable and c) the start-up is still growing with time.

### **Literature Review**

The available literature on the theme of social entrepreneurship refers to combining tasks of entrepreneurial activity with an embedded social purpose and has become an interesting research topic for academicians as to how this field is evolving and making a breakthrough. When existing systems fail to serve people's needs, it poses a complex challenge for government agencies and planners in developing countries, but like many challenges, it also provides an opportunity for individuals and creative communities to develop alternative approaches that leverage innovation at the grassroots level (Gupta, 2013). Researchers mentions this phenomenon happening globally but is mostly found in developing countries where the markets need to address the issue of the socio-economically weaker section of society by the deployment of new business models, such as the provision of low-cost health facilities or the availability of eco-friendly sustainable products.

Now social enterprises are considered a ray of hope in solving problems of emerging economies, and their innovative social business models are meant to solve social ills in a sustainable way to build up organisations that can remain up and run without donations (Aline et al., 2015). A comparative analysis of seven successful cases of social entrepreneurship considering the factors such as capacity building, organisational form & innovation characteristics, concluded that social entrepreneurship leads to significant changes and societal transformation in socio-economic & political contexts for the deprived section of society (Alvord et al., 2004). The structure of a network, social innovation, social learning and social value creation is also taking place in strategy implementation and measuring the performance of social enterprises (Ahrari et al., 2018).

If we look at the past 2 - 3 decades there is a noteworthy development and a growing interest is found in the field of social entrepreneurship and social enterprises. It is leading to transformation in the policies related to entrepreneurial development which happened due to market failure and highlights the key trade-off between value creation and value capture (Santos 2010). There are many studies which deal with this line of idea as they provide support to social entrepreneurship and social enterprises (Peredo & McLean, 2006; Nicholls, 2008; Grassl, 2012). Social entrepreneurship is an innovation process in the economy that can happen and varies in different institutional contexts, based on value creation and operates in unique situations. It is an approach that suits well to address some of the grave problems in modern society and improve business. A preliminary conceptual framework based on secondary data to investigate the connection and differences between social entrepreneurship, and social innovation that CSR found that social corporate responsibility is limited to the traditional concept of charity by helping the needy section of society while social innovation is a step ahead of that not only helps the deprived people rather its value creation thereby have the window of opportunity for conducting business to address the problems by social entrepreneurs and NGOs (Popoli, 2016).

A social entrepreneur is a mission-driven individual who exhibits the entrepreneurial behaviour to deliver a social value to the less privileged, downtrodden section all through an entrepreneurially oriented entity that is financially independent, self-sufficient, or sustainable (Saifan, 2012). Social entrepreneurs being a strong catalyst, focus on social problems of society and begin innovation by mobilising the available resources to make social arrangements as a response to such social problems with a mission to make and sustain social value through recognizing, pursuing

new opportunities, engaging themselves in a process of continuous innovation, adaptation and learning (Deasai, 2001; Bulsara et al. 2014). They act boldly without being limited by available resources and exhibit heightened accountability.

### **Research Objective**

After reviewing the available literature on social entrepreneurship it was found that studies have been conducted and provide different dimensions such as the growing importance of social entrepreneurship and how social enterprises convert product ideas into business opportunities and the issue of employment generation. Three social enterprises and start-ups are analysed as a small case method after collecting primary data in the form of focus group interviews to know how they ideated the product to exploit the market opportunity for bringing positive change. There are successful examples of social entrepreneurs and their initiatives across the globe, but it is focused to consider the Indian context that has provided sustainable solutions to existing problems and brought transformation in day to day life of common people. Researchers & academicians from entrepreneurship, public policy, development studies and interdisciplinary subjects may take this theme for further research in different dimensions.

Mitticool - Electricity is a major challenge in rural areas and life without it seems unimaginable in this era when almost 96% of villages are electrified in India but the majority of households still need to access the uninterrupted power supply. So they don't have a choice rather than opting for costly alternatives such as coal fire kerosene stoves for cooking and traditional lanterns for light. In the last three decades, electric refrigerators have become an important household product but due to interrupted power supply or un-affordability of refrigerators, rural people face problems in storing perishable foodstuff and cold drinking water. To resolve this issue Mansukhbhai Prajapati, who hails from a traditional potter family invented a novel yet affordable product known as Mitticool Refrigerator. His dream was to make the traditional potter business technologically sound. During the discussion, he mentioned several challenges in the initial years and told that it took him five years to develop the Mitticool fridge. He mentioned how Prof AK Gupta of IIM Ahmadabad, his Honeybee network and Srishti, a platform that works for grassroots innovators to showcase their innovative products helped him to commercialize the Mitticool fridge.

The refrigerator is entirely made from clay and functions without electricity. It not only helps to store perishable foodstuff with a shelf life of three days but also in cooling water. The product is best suited for people who couldn't afford refrigerators or for electricity deficient regions. He did a lot of innovation in kitchenware as well and has five patented products in his portfolio. His company received accolades in the past and is now a well-known brand offering traditional utensils and potteries made up of clay. Such efforts not only focus on local problems but also have a global application. His idea of modernising the traditional clay products reverberates in similar instances of grassroots innovation. MrMansukhbhai Prajapati has provided a solution to society in the form of machines manufacturing earthen Tawa etc for which he did not patent just because other people can accrue benefits out of it. So, on one hand, he inspired many people to pursue entrepreneurship as a career and on the other hand, he transformed the pottery industry from a traditional to a modern one, leading to manufacturing a range of kitchenware made by clay as a substitute for metal utensils, and thereby making it a viable business



**Fig. 1 Mitticool Clay Refrigerator**



**Fig. 2 Earthen clay Kitchenware**

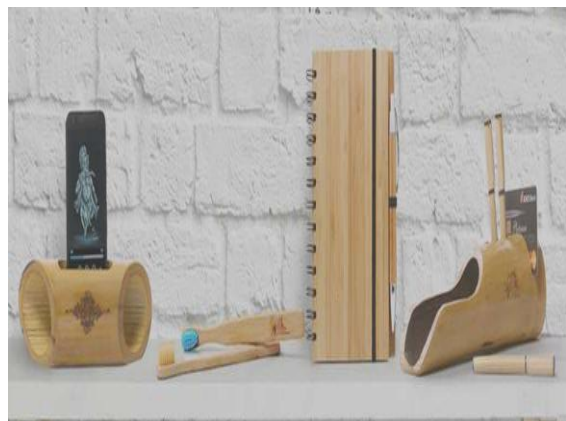
(Images Source: Mitticool)

### **Bamboo India**

Mr Yogesh Shinde, a social entrepreneur who aims for a plastic-free India introduced an innovative idea to provide approximately thirty eco-friendly biodegradable products using bamboo like a bamboo toothbrush (which is quite innovative and has potential in international markets), speakers, earbuds, mobile phone holders etc. by reducing the use of plastic in the manufacturing of such products. Before starting this initiative Bamboo India he held a good position in the corporate world in London. But he took his dream to bring positive change in society by doing something that can give a dignified life to farmers as well as address the problem of global warming. As an entrepreneur, he believes in nation-building by adding products manufactured with the Make in India tag. This spirit is appreciated as the Make in India campaign will be strengthened by the robust manufacturing and will also create employment for Indians.

This start-up focuses on producing environmentally friendly products and thereby saving approximately more than ten lac kilogram of household plastic waste and thus selling along with promoting artifacts made up of bamboo. His initiative of setting up "BambooIndia Village" provides a source of employment to artisans in rural regions, helping them improve their economic condition and holds a mission to provide a livelihood to more than a hundred families. Earlier people did not have the idea about alternative use of Bamboo, but his initiative earned a lot of recognition for bamboo and made it possible for such an alternative product range which is now available in the market. India occupies a leading position in bamboo cultivation, which is considered green gold being an increasingly valuable substitute for timber and a useful product for the agro-based industry, providing livelihood to many rural families (Kumar et al., 2016). As of now hundreds of bamboo farmers are associated with this start-up, which shows a commitment to employment generation and nation-building. Such an initiative saves a lot of natural resources by consistently applying the sustainability concept. This beautiful concept where plastic waste could be avoided and parallelly the bamboo cultivation can be given more economic importance.





**Fig. 3 Bamboo artefacts**



**Fig. 4 Bamboo Products**

(Images Source: Bamboo India)

ShynaEcounified India Pvt. Ltd. Plastic waste landfills caused by increasing urbanization have become disastrous in Indian metropolitan cities. It not only results in mass landfills but also in water logging in residential areas of cities, thereby posing an environmental threat and degrading the water and air quality. Although there have been a lot of campaigns & awareness drives conducted at different levels and various governments tried to curb the plastic menace but its desired outcome is yet to be achieved. Mr Paras Saluja a successful entrepreneur who founded ShynaEcounified India Pvt. Ltd., an ISO 9001:2015 certified company in Delhi NCR in 2017 doesn't see garbage and plastic landfills as trash anymore but rather as something that could be used with some value and long shelf life. He teamed up with scrap dealers and other agencies with a focus to reduce the dumping of waste plastic stuff and has converted tons of plastic waste into reusable material that is High-density composite polymer (HDPC) and created affordable structural materials using the concept of reusable products such as tiles, furniture and tree guards etc. instead made up of cement or concrete for residential localities, pathway and municipal parks. Their products are safe to use as they were tested and certified for use by CSIR-National Physical Laboratory. This idea of converting plastic waste into useful and innovative products proved to be long lasting and environment friendly which no one thought about earlier and thus making the earth a better place to live for the generations to come.

This business idea is unique in the sense that a similar product (paver blocks) is made up of cement concrete but this is prepared by conversion of plastic waste. Such initiatives solve a lot of problems by applying the 3R principle of sustainability i.e. reduce, reuse and recycle. According to MrSaluja, in the last four and half years, they teamed up with almost twelve scrap dealers and had twenty-five contractual workers. They have added almost seven to eight new products recently and their main clients are in the B2B and B2G segments which in turn will help them to introduce their products more conveniently in the B2C segment as consumers rely on products once the big companies and government agencies started using them. He also gives emphasis on scaling up the business



**Exhibit 5 HDPC Tiles**



**Exhibit 6 Furniture from recycled plastic**

(Images Source: Shyna Ecounified Pvt Ltd.)

### Findings and Discussion

Societies have unique problems that require customized solutions best suited to the local situations. In the above-mentioned cases, Social entrepreneurs usually start with small initiatives and often target small problems that have a local appearance but are of global relevance such as affordable sustainable products. Mitticool founded by Mansukhbhai is consistently providing a wide range of kitchenware based on traditional pottery not only at affordable prices but also helps revive the ailing pottery sector through the innovative product range and thus strengthening the same with employment opportunities in rural areas. Bamboo India by Yogesh Shinde shows how various stakeholders join hands together, making the bamboo-based agribusiness profitable and reducing the use of plastic. ShynaEcounified Pvt Ltd envisioned by Paras Saluja is based on the 3R of sustainability i.e. to reduce, recycle and reuse the disposal waste into new and more useful products that help the society in sustaining the environment.

Measuring the commercial viability of such socially-driven projects is a challenge as the rationale is not just achieving the bottom line but ensuring socio-economic development across society. Attracting human resources and retaining them is another critical factor for organisations as it requires a motivated and dedicated workforce with empathy towards people and an understanding of their genuine problems.

### Conclusion

Social entrepreneurs play a conduit role in achieving some of the objectives of society by generating positive externalities. Their innovative solutions to overcome various social and environmental challenges through environment friendly sustainable products/services demonstrate strong determination. This way they are addressing societal problems, catering to low-income groups & economically weaker sections by supporting & strengthening them with basic amenities and also bringing them into the economic mainstream.

Social innovation and equity brought by social entrepreneurs with cost-effective and viable ideas helped thousands of people at the bottom of the pyramid with differentiated products and services in transforming lives for a sustainable future. This article may help researchers to study the impact on the lives of people in terms of the array of services/products offered thriftily and including them in the mainstream as one dimension and of employment generation, and socio-economic empowerment as another. Social entrepreneurship is thus having profound implications on the economic system, creating new industries, validating new business models, and redirecting resources to solve neglected societal problems.

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