CHAPTER 4
SOCIAL ENTREPRENEURSHIP: A THEORETICAL STUDY.

Social entrepreneurs are not content just to give a fish, or teach how to fish. They will not rest until they have revolutionized the fishing industry.

— Bill Drayton

4.1 Theoretical overview of field of entrepreneurship.

4.1.1 Definition of Entrepreneurship

Adam Smith (1776) in the Wealth of Nations used the term “projector” and “undertaker” as the English equivalent of the French word Entrepreneur, but only as synonymous for the business proprietor. The term entrepreneur or its English equivalent is totally absent in the writings of David Ricardo (Blaug 2000). For Cantillon entrepreneurship is a matter of foresight and willingness to assume risk, which is not necessarily connected with the employment of labour, in some productive process. Johann Von Thunen (1850) defines the gain of entrepreneur as being what is left over from gross profits of a business operation after paying
1. Actual or imputed interest on invested capital
2. The wages of management.
3. The insurance premium against calculable risk of losses (cited in Blaug 2000)

Entrepreneurs are found in every economic system and in every form of economic activity as well as in other social and cultural activities (Desai 2004). The concept of entrepreneurship has evolved over time and has a number of different meanings. Entrepreneurial fervor in the 1980s...became a worldwide movement, spreading across countries regardless of their development or even of their basic mentality or value orientation towards business activities (Alvarez 1996:192, cited in Swedberg 2000).

1 http://www.ashoka.org/facts
Traditionally, it has been associated with launching a new business, particularly a for-profit business. It also carries with it such notions as creativity, seeing and seizing opportunities, and facilitating change. At the heart of entrepreneurship is innovation, stimulating the economy by finding new and better ways of doing things.\(^2\)

Not-for-profit organizations can also be classified as entrepreneurial if they are characterized by innovation and foster change.\(^3\) Over the years a number of new terms have evolved such as industrial entrepreneurship, financial entrepreneurship, corporate entrepreneurship, Intrapreneur, Aristocratic entrepreneur, and social entrepreneur. The Kauffman Foundation’s version\(^4\) talks about “visionary entrepreneurs [that] develop innovations, create jobs, and contribute to a more vibrant national and global economy”. “Survival entrepreneurs”, who resort to creating enterprises to supplement their incomes because there are few other options available. “Lifestyle entrepreneurs” are people who chose self-employment because they no longer want to work for someone else, or because it provides a better way of balancing work and home demands, or because it enables them to stay in communities to which they have great attachment. “Growth entrepreneurs” are those who are motivated to grow their businesses so that they can create wealth and jobs in their community. “Serial entrepreneurs” are people who enjoy the process of business creation and over their lifetimes will create several businesses, often selling their ventures in the process. Clarence Danhof classified entrepreneurs into four categories, namely, innovative entrepreneur, initiative entrepreneur, Fabian entrepreneur and drone entrepreneur. “...entrepreneur is one who penetrates the space between established boundaries and seizes opportunities that are otherwise overlooked by others. It is precisely this ability to penetrate established conventions and to think the unthinkable that gives the


\(^3\) Peter Drucker, In J.Gregory Dees, Miriam and Peter Haas Centennial Professor in Public Service, Graduate School of Business, Stanford University, October 31, 1998.

entrepreneur a decisive advantage over those who pursue strategies based on conventionally held ideas and beliefs (Agarwal, 2002-779).

William Bygrave at the Babson School talks about entrepreneurship not only in terms of businesses but also as the presence of “initiative, imagination, flexibility, creativity, a willingness to think conceptually, and the capacity to see change as an opportunity.” What he describes is a set of skills, traits and characteristics that could be useful in a variety of circumstances, not just as a business creator, but as a leader or employee in the private, public, or nonprofit sectors. This is the reason why there is considerable interest in the possibilities of civic or social entrepreneurship where people can use these same skills for improving public services or charting new futures for communities.

Major theorist from Cantillon to Kirzner viewed entrepreneur as performing various functional roles as risk takers, decision maker, organizer, coordinator, innovator, employer of factors of production, gap seeker and input completer, arbitrager etc..

Table 4.1: Brief historical overview of the term entrepreneur/entrepreneurship in economic theory.

<table>
<thead>
<tr>
<th>Theorists</th>
<th>Role of Entrepreneur.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pinchot(1985)</td>
<td>Intrapreneurship/corporate entrepreneurship</td>
</tr>
<tr>
<td>Kirzner 1973, 1997, Jeffery Timmons, Howard Stevenson</td>
<td>Alertness to opportunities, Pursuit of opportunities</td>
</tr>
<tr>
<td>Von Mises 1944</td>
<td>Human action and the entrepreneur</td>
</tr>
<tr>
<td>David(Birch 1979, 1987)</td>
<td>Engine of economic growth</td>
</tr>
<tr>
<td>Haggen 1958, Jean Baptiste Say, Hans von Mangoldt, Johann Heinrich, Von Thunen, Swedberg 2000</td>
<td>Economic man who tries to maximize his profits by innovation.</td>
</tr>
<tr>
<td>Peterson 1981.</td>
<td>Entrepreneurship as a process.</td>
</tr>
</tbody>
</table>

Source: Compiled from Desai (2004 :317), Swedberg 2000
4.1.2 Interdisciplinary approach to the study of Entrepreneurship.

The social sciences have a very important contribution to make, not only to the theoretical understanding of entrepreneurship but also to entrepreneurship as a practical enterprise (Swedberg 2000). The recognition of entrepreneurship as a distinct function goes back to Richard Cantillon, Jean Baptiste Say and Karl Marx. Entrepreneurship is a multidimensional phenomenon spanning different units of observation ranging from the individual to the firm, region or industry and even nation (Wennekers and Thurik, 1999; Davidson, 2004). Due to this multidimensional nature the conceptual and theoretical approaches have built on a variety of disciplines such as economics, sociology and psychology (Uhlaner, Wennekers and Thurik, 2002).

In the 20\textsuperscript{th} century three scholars, Schumpeter, Kirzner and Knight, stand out in having shaped the subsequent literature on entrepreneurship through their vision of the phenomenon.\textsuperscript{5} The field of entrepreneurship has gained prominence over the years. Researchers in the field of entrepreneurship tend to define the field of entrepreneurship using the premises of their own discipline. For example, Economists have associated entrepreneurs with Innovation while the behaviorists have concentrated on the creative and intuitive characteristic of entrepreneurs. The following table illustrates the contribution of experts from various diverse fields.

Table 4.2: Interdisciplinary approach to the study of Entrepreneurship.

<table>
<thead>
<tr>
<th>Discipline</th>
<th>Contribution of theories on entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychologist</td>
<td>Mc Cleland(1961), Hagen(1962), Kunkel(1965)</td>
</tr>
</tbody>
</table>

Source: compiled from various secondary sources.

According to a historian of entrepreneurial movement “…became a worldwide movement spreading across countries regardless of their level of development or even of their basis mentality or value orientation towards business activities”. The main difference between the contribution of economist and social scientist is in terms of;

1. Theory is more descriptive in nature.
2. Theoretical part is shaped by empirical research

It is much closer to reality than the writing found in main stream economics (Alvarez 1996:192).

4.1.3 Entrepreneurship as an emerging field.
Entrepreneurship is a force to reckon with, a number of chairs have been instituted in India and abroad and a number of important publications have been conceived over the years such as Frontiers of Entrepreneurship Research, Journal of Business venturing, Journal of Entrepreneurship, Entrepreneurship & Regional development etc., Similarly a number of institutions have been established in India to augment this burgeoning field of study such as EDI, NIESBUD, ICED etc.,. Renowned expert Peter Drucker (1985, 1993) states that today’s managers and businessman needs not only managerial skills but entrepreneurial skills as well.

4.1.4 An historical perspective of the field of entrepreneurship.
The term “entrepreneur” is derived from the French word “entreprendre’ which means “to undertake”. It was originally used in the middle ages in the sense of a person who is active, who gets things done (Hoselitz 1951). Joseph Schumpeter’s contribution (1883-1950) to the growth of entrepreneurship has left a mark on the history of economic thought. He adopted multi-disciplinary approach in the analysis of entrepreneurship. His writings fall into two periods until circa 1940, he was only interested in developing his ideas and integrating it into the novel system of economic theory (Swedberg 2000). Just a decade before his death he looked at the sociological aspects of entrepreneurship and tried to sketch a research programme in entrepreneurship for economic history.
Schumpeter's contribution can be traced over a period of time, through his books entitled 'The Theory of Economic Development-1911" to 'Business cycles and Capitalism, socialism and democracy-1942". He argued that important changes in the economy are set off by entrepreneur, and that these changes slowly work themselves through the economic system, in the form of a business cycle. He stated that his ideas of internally generated change as opposed to change induced from outside was not only applicable to economic phenomenon but to all social phenomenon. He defined entrepreneurship as the making of a new combination of already existing materials and forces; that entrepreneurship consists of making innovations, as opposed to inventions; and that no one is an entrepreneur for ever, only when he or she is doing an innovative activity.

Table 4.3: Some landmarks in the history of entrepreneurship

<table>
<thead>
<tr>
<th>Sr no</th>
<th>Period</th>
<th>Name</th>
<th>Contribution to entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Circa 1680-1734</td>
<td>Richard Cantillon</td>
<td>Entrepreneurs are those who are willing to buy at certain price and sell at uncertain price. He further said a person bearing risk is different from one supplying capital</td>
</tr>
<tr>
<td>2</td>
<td>1776-1832</td>
<td>Jean Baptiste Say</td>
<td>Entrepreneurship consists of combining the factors of production.</td>
</tr>
<tr>
<td>3</td>
<td>1783-1850</td>
<td>Johann Heinrich Von Thunen</td>
<td>&quot;...entrepreneurial profit consisted of what was leftover, once these (interest on capital, wages, insurable rates) three items has been paid.</td>
</tr>
<tr>
<td>4</td>
<td>1824-1868</td>
<td>Hans Von Mangoldt</td>
<td>Proposed that entrepreneur's profits could be conceptualized as rent of ability.</td>
</tr>
</tbody>
</table>

Source: Compiled from Swedberg 2000.

Figure 4.1 Conceptual and theoretical developments in entrepreneurship history.
### Table 4.4: Major contributors in the field of entrepreneurship

<table>
<thead>
<tr>
<th>Contributor</th>
<th>Defined Entrepreneur/ Entrepreneurship as</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leon Walras</td>
<td>In an equilibrium situation the entrepreneur neither makes money nor loses.</td>
<td>Cited by Schumpeter 1954; 893</td>
</tr>
<tr>
<td>Haggen</td>
<td>An entrepreneur is an economic man who tries to maximize his profit by innovation.</td>
<td>Vasant Desai 2004</td>
</tr>
<tr>
<td>Israel Kirzner</td>
<td>Entrepreneurship means alertness towards profit opportunities. The entrepreneur essentially tries to discover profit opportunities and helps to restore equilibrium in the market by acting on these. Kirzner's view of entrepreneur as someone who restores equilibrium is often contrasted to that of Schumpeter who sees entrepreneur as someone who breaks equilibrium through innovation.</td>
<td>Kirzner 1997*</td>
</tr>
<tr>
<td>Mark Casson</td>
<td>He has an eclectic view of entrepreneurship and defines an entrepreneur as a person who specializes in making decisions about how to coordinate scarce resources.</td>
<td>Casson 1983</td>
</tr>
<tr>
<td>Ludwing Von Misses</td>
<td>His opinion differs from Schumpeter, by defining entrepreneurship as anticipation of uncertain events and not as innovations. According to him entrepreneurship is always geared to the uncertainty of future constellations of demand and supply. He states that entrepreneur is driven by desire to make money. He is among the few theoreticians of entrepreneurship who stressed on the role of entrepreneurial errors.</td>
<td>Misses 1963, 1951, 1978*.</td>
</tr>
<tr>
<td>William Baumol(1990)</td>
<td>Argued that entrepreneur can be found in many societies throughout history, but while it is productive in some, it is unproductive and even destructive in others.</td>
<td>Swedberg 2000</td>
</tr>
<tr>
<td>Keynes</td>
<td>Opines that due to human nature we all have some animal spirit and display an “innate urge to act” as well as “spontaneous Optimism; and this has important consequences for the way that the market operates.</td>
<td>Keynes (1936) 1960</td>
</tr>
<tr>
<td>Albert Hirschman</td>
<td>Says many business man would have never started up business in the first place if they had know in advance how difficult it was going to be.</td>
<td>Hirschman 1967 *</td>
</tr>
</tbody>
</table>

Note Misses and Kirzner also spoke about entrepreneurial errors.
taking over and organization of some part of an economy in which peoples needs are satisfied through exchange, for the sake of making a profit and at one’s own economic risk

<table>
<thead>
<tr>
<th>Robert Hisrich 1985</th>
<th>...is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychological and social risks and receiving the results-rewards of monetary and personal satisfaction.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vaasant Desai 2004</td>
<td>The entrepreneur brings in overall change through innovation for the maximum social good. Human values remain sacred and inspire him to serve society...entrepreneurial activities encompasses all fields/sector and fosters a spirit of enterprise for the welfare of mankind.</td>
</tr>
</tbody>
</table>


**Figure 4.2: Important contributors in the field of entrepreneurship.**

Source : Figure created by Mikko Ohtamaa

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http://upload.wikimedia.org/wikipedia/en/b/b0/Entrepreneurship_history.png 18/10/07
4.2 Development through social entrepreneurship.

Weber argues in ‘The protestant ethic.’ (1988) money lending, commerce and entrepreneurship have always been looked down upon by the dominant ideology (Religion) all over the world and these activities were at best tolerated and never embraced. On the contrary the tenet of social entrepreneurship is accepted since time immemorial e.g. OXFAM, Red Cross etc. The concept of social entrepreneurship as defined till date highlights only the work of social entrepreneurs who have brought about a significant positive change in the lives of people⁹.

The classical and neo classical writers barring a few French and German contributors offered little in terms of a meaningful position to entrepreneurship in the development process. The subsequent contributions, amount to nothing more than expanding this schema or cutting and pruning it, refining or modifying it (Gopakumar 1995).

Entrepreneurship has flourished in many places where the general attitude of the population to economic innovations has been negative. Gershenkron states that entrepreneurs are people whose task is to make economic decisions. He gives a number of examples such as

1. Of a man sorting oranges is involved in a continual process of decision making.
2. A peasant in a backward agrarian country who decided when to start ploughing, what to sow, when to reap- makes entrepreneurial decision.

In countries where pre-requisites for an industrial takeoff did not exist, he noted substitutes have been usually found with the state or the banks filling in for local entrepreneurs (Alexander Gershenkron cited in Swedberg 2000). By the mid 50s the supply of entrepreneurial capabilities had come to be recognized as one of the critical factors in economic development (UN 1955).

⁹ For example Prabhakaran of Tamil Liberation force, Jihadis etc who are fighting for a cause using violent measures is not included within the purview of social entrepreneurship.
It is in this context that the NGO founder can be referred to as entrepreneurial, as a series of decisions are involved in the process of conceiving designing and implementing a developmental programme. Along with the state intermediate organizations of the type that civil society is made up of may also be helpful in furthering entrepreneurship (Swedberg 2000).

Tom Reis (1999), states that in the era of unparalleled economic growth and its corresponding economic disparity, a new generation of entrepreneurs is becoming increasingly committed to using market-based approaches to solve social problems. He highlights three major waves of change which are especially relevant namely:

- **Social Entrepreneurship** – Social entrepreneurs create social value through innovation and leveraging financial resources – regardless of source – for social, economic, and community development.
- **Business and Social Responsibility** – Pressures from an active and vocal civil society, along with enlightened corporate leadership, are motivating many businesses to reconsider how they can be responsible about their business and the communities in which they work and serve their customers.
- **Philanthropy as Social Venture Capital** – As government evolves, nonprofits adapt to more entrepreneurial models, and as business reinvigorates its role in social development, philanthropy is also incorporating new approaches for social investment and the creation of social capital.

In this thesis the focus is on the emergence of social entrepreneurship as an organizational field in India. This thesis illustrates the role of social entrepreneurs and social entrepreneurial organizations in bringing about social change in the city of Mumbai. It also aims to assess whether the NGOs surveyed are Social entrepreneurial based on select parameters and highlight the case of few successful SEROs based in Mumbai, which have adopted different approaches namely:

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10 Unleashing New Resources and Entrepreneurship for the Common Good A Scan, Synthesis, and Scenario for Action January, 1999
1. Innovation to address the problems of grassroots.
2. Adoption of earned income strategy to create an impact and
3. Blending of business and social value to address a social issue.

4.2.1 Non Government Organization as a system.

An organization cannot exist in vacuum; it is constantly affected by the environment. From the illustration given in figure 4.3 below, we can make out that the activities of the NGO are influenced by a number of factors such as:

1. Needs of its various constituents.
2. The Donor agencies
3. The declining aid from the Government on Social expenditure.
4. Trend towards impact assessment and diversion of aid to other countries.
5. The increasing trend towards CSR initiatives which has resulted in diversion of funds from the field to their own in-house programmes.
6. The changing socio-political environment within the country, resulting in greater demand for transparency, Governance issues and accountability.

Figure 4.3: NGO as a system
The success of an NGO can be measured in terms of its key deliverables or its capacity to achieve its social mission. Successful entrepreneurship involves more actors than the entrepreneur himself or herself, and that the behavior of these actors must be taken into account in the analysis (Swedberg 2000). Attainment of its mission can be possible if the resources are available to achieve the same. In the past the NGOs depended on donor aid to conduct its operations. But with increasing number of voluntary organizations, decline in aid, decline in allocation by GOI to the social sector, growing disparity between the rich and the poor a need was felt to address the issue of social development in a different framework. The above trend justifies the need for adoption of a social entrepreneurial approach in the management of NGOs, with emphasis on:

1. adoption of earned income strategies,
2. Impact assessment,
3. Empowering the marginalized section, rather than making them dependent on the NGOs for a life time.
4. Greater degree of professionalism.
5. Greater degree of collaborative approach to achieve the social mission.

In the light of this the researcher proposes that voluntary organizations in India need to be more entrepreneurial in their approach and adopt various strategies for furthering their mission.

4.3 Social entrepreneurship an emerging field.

Nonprofit leaders are finding that for-profit concepts relating to economics and marketing can be usefully applied to non-profits (Kotler & Andreasen, 1991). However, because of fundamental differences between the sectors in markets, authority structures, accountability and numerous other factors it is unwise for nonprofit leaders to wholeheartedly adopt for-profit practices of strategic planning (Nutt & Backoff 1992).

In this thesis the researcher has made an attempt to study the difference between an NGO and a Social entrepreneurial organization and the need for adopting social entrepreneurial approach to managing the NPOs based the argument on the lines of an article written by Salipante & Golden-Biddle (1995) on the most basic differences namely:

1. Nonprofits are driven by advocacy-based mission
2. Nonprofits have the goal of improving some aspects of societal well-being and
3. Nonprofits are facing increasing threat from the environment in terms of delayed and less funding,
4. Need for nonprofits to survive and deliver greater good.

All the above aspects necessitate a change in approach towards management of voluntary organizations.
4.3.1 Typology of social entrepreneurship.

The terms social entrepreneur and social entrepreneurship were first used in the literature on social change in the 1960s and 1970s. It came into widespread use in the 1980s and 1990s, promoted by Rosabeth Moss Kanter, Bill Drayton the founder of Ashoka, and others such as Charles Leadbeater. From the 1950s to the 1990s Michael Young was a leading promoter of social enterprise and in the 1980s was described by Professor Daniel Bell at Harvard as 'the world's most successful entrepreneur of social enterprises' because of his role in creating over 60 new organizations worldwide, including a series of Schools for Social Entrepreneurs in the UK.

Though this concept is in vogue in recent times, there were a number of social innovators like Florence Nightingale, founder of the first nursing school and developer of modern nursing practices, Robert Owen founder of the cooperative movement, Vinoba Bhave (founder of India’s Land Gift Movement), Gandhiji, Martin Luther King, who revolutionised the world with their ideas for social change.

A social entrepreneur recognises a social problem and uses entrepreneurial principles to organise, create and manage a venture to make social change. Unlike business entrepreneurs, they don’t measure performance in profit and returns but assess the impact they have on society. A social entrepreneur works through existing non-profit and citizen groups to scale their impact. Thus, social entrepreneurs are change agents devoted to transforming societies by

1. Recognising and relentlessly pursuing new opportunities leading to innovative developmental strategies.
2. Involving the constituents in the process of innovation, adaptation and learning to give a new dimension to livelihood conditions of people.
3. Exhibiting best practices in terms of accountability and transparency towards the outcomes of their endeavors.


12 For example Rationing Kruti Samithi an NGO based in Mumbai has collaborated with CBOS in Mumbai to fight for effective Public Distribution system.
If some entrepreneurs shape the economy of a nation, it is also true that yet others create sustainable livelihood options and contribute to social development. Barth (1967) described the entrepreneur as a social agent for change. Desai (2004: 317) described an entrepreneur as one who brings "in overall change through innovation for maximum social good. Human values remain sacred and inspire him to serve society. He has a firm belief in social betterment and he carries out this responsibility with conviction. In the process he accelerates personal, economic as well as human development".

In India there are a number of such social entrepreneurs who have been recognized for their innovative, replicable, path breaking idea by one of the earliest organization (Ashoka foundation) established to recognize the power of their innovative ideas). Both Indian and international agencies like Ashoka foundation, Schwab Foundation, Skoll, Templeton foundation are recognizing the work done by Indian Social entrepreneurs.

"In India, we find world class examples that are being used and spread to other countries. We look up to India as leaders in the field of social entrepreneurs which is fantastic," said Parag Gupta, Head, Eastern Europe & South Asia, Schwab Foundation for Social Entrepreneurship.

4.3.2 Social Entrepreneurship defined.

Defining the concept social entrepreneurship is not an easy task. It defies the traditional organizational boundaries that separate the "social" and the "business" worlds. A number of contributors have evolved definitions to clarify the difference between the sectors. "The social sector has for long had powerful entrepreneurial

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13 www.ediindia.org/ScHeader.asp

14 Ashoka and its founder, Bill Drayton, have become a leading force for the social entrepreneurial movement. He is, is credited with coining the term "social entrepreneur" several decades ago. Ashoka screens entrepreneurs to find those individuals who have exceptionally innovative ideas and who possess a rare ability to work both within and outside existing systems to put those ideas into practice. Ashoka is the global association of the world's leading social entrepreneurs—men and women with system changing solutions for the world's most urgent social problems. Since 1981, they have elected over 1,800 leading social entrepreneurs as Ashoka Fellows, providing them with living stipends, professional support, and access to a global network of peers in more than 60 countries

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leaders, but the opportunity to promote cross-sector learning is relatively new. Recent trends in the social sector have led to a blurring of distinctions between business, non-profit and government organizations\textsuperscript{15}. Few contributors have converted the contribution of earlier contributors of entrepreneurship to suit the requirements of the non-profit sector. In the light of growing interest in the field of social entrepreneurship, it was necessary to assess the contribution of experts from this field.

The following section illustrates the contribution of some renowned experts in the field of social entrepreneurship.

Social entrepreneurship has been defined in many ways. For example, social entrepreneurs are described as:

* "Pathbreaker(s) with a powerful new idea, who combines visionary and real-world problem-solving creativity, who has a strong ethical fiber, and who is 'totally possessed' by his or her vision for change" (Bornstein, 1998);
* "People who attempt to take innovative approaches to social and other issues, most often with the use of traditional business skills applied in order to achieve some type of social goal" (The Roberts Enterprise Development Fund\textsuperscript{16});
* "Pioneers (who) are discovering that entrepreneurship can help them simultaneously meet community needs and become more financially self-sufficient" (The National Center for Social Entrepreneurs\textsuperscript{17}), and "Nonprofit executives who pay increasing attention to market forces without losing sight of their underlying missions" (Boschee, 1998).

According to Ashoka Foundation the role of a social entrepreneur is described in the following words, "The job of a social entrepreneur is to recognize when a part of society is stuck and to provide new ways to get it unstuck. He or she finds what is not working and solves the problem by changing the system, spreading the solution and persuading entire societies to take new leaps. Social entrepreneurs are not content to give a fish or teach how to fish. They will not rest until they have revolutionized the

\textsuperscript{15} see www.fuqua.duke.edu/centers/case/about/ - 13k
\textsuperscript{16} see http://www.redf.org
\textsuperscript{17} see http://www.socialentrepreneurs.org
fishing industry". Social entrepreneurs work within communities attempting to bring people together to unlock the potential for mutual self-help and collaborative problem solving by recognizing the opportunities for using under-utilised assets. In doing so they help communities to build up their social capital of trust, relationships and confidence, which generates a lasting capacity within communities to address and resolve issues that concern them (Leadbeater, 2002). Social entrepreneurs usually work with the voluntary and community sector. While Civic entrepreneurs work on generating more value from public assets, social Entrepreneurs often have no assets at the beginning to work with. They help people and communities unlock potential which may have been overlooked or Underestimated both by the private and public sector (Latham, 2001).

According to Gregory Dees one of the pioneering academicians in USA, “Social entrepreneurship is the Art and Science of bringing entrepreneurial zest to social sector zeal”. Social entrepreneurs play the role of change agents in the social sector by:

1. Adopting a mission to create and sustain social value (not just private value),
2. Recognizing and relentlessly pursuing new opportunities to serve that mission,
3. Engaging in a process of continuous innovation, adaptation, and learning,
4. Acting boldly without being limited by resources currently in hand, and
5. Exhibiting heightened accountability to the constituencies served and for the outcomes created.

According to Bill Strickland(2000) "Nonprofits have to recognize that they're businesses, not just causes. There's a way to combine the very best of the not-for-profit, philanthropic world with the very best of the for-profit, enterprising world. This hybrid is the wave of the future for both profit and nonprofit companies".


19 Dees combines various definitions on entrepreneurship to evolve the meaning of social entrepreneurship, by combining the thoughts of discipline and accountability with the notions of value creation taken from Say, innovation and change agents from Schumpeter, pursuit of opportunity from Drucker, and resourcefulness from Stevenson.
Thus, based on the above analysis we can demarcate the concepts of entrepreneurship and social entrepreneurship as follows:

Table 4.5 : An analysis of difference between Entrepreneurship and Social entrepreneurship

<table>
<thead>
<tr>
<th></th>
<th>Business</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneur</td>
<td>are people who create and grow enterprises</td>
<td>are people with an innovative idea to bring about social transformation.</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>is the process through which entrepreneurs create and grow enterprises</td>
<td>Is the process through which social entrepreneurs create a systemic change and build models capable of being replicated far and wide.</td>
</tr>
<tr>
<td>Entrepreneurship development</td>
<td>refers to the infrastructure of public and private policies and practices that foster and support entrepreneurship</td>
<td>refers to institutional support to assist the development of social entrepreneurs and unleashing the power of a new idea.</td>
</tr>
</tbody>
</table>

Source: based on field data.

4.3.3 Social Entrepreneurship an overview

The concept of Social entrepreneurship was first mentioned by Leadbeater, however the concept was popularized by Gregory Dees, Professor in the academic circles. He single handedly rescued social entrepreneurship from dark corners of academia and brought it to the spotlight of scholarly attention. The popularity of this concept can be attributed to Dees who initiated several courses on SE by establishing institutes like:

- Initiatives on Social Entrepreneurship in 1990s at HBS
- Centre for social innovation at Stanford University in 2001.
- Centre for Advancement of Social Entrepreneurs in Duke University in 2002.

The nuances of the subject have been aptly expressed by Dee, he remarks” The idea of Social entrepreneurship has stuck a responsive chord. It’s a phrase well suited to our times. It combines the passion of a social mission with an image of business like discipline, innovation and determination commonly associated with for instance the high-tech pioneers of Silicon valley” (Raman:2003).
Over the years the concept has gained prominence, because of its relevance to address various social issues and the scourge of poverty by undertaking innovative methods. The plethora of literature on social entrepreneurship in US, UK and Canada is a spectacle to the growing importance to the field of social entrepreneurship. Planned efforts at generating creative solutions to developmental problems, within a democratic framework calls for a multi-pronged strategy in which both government and non-government initiatives are necessary. There is also a growing realization that the non-government, voluntary initiatives by individuals & collectives has to be recognized and nurtured if the benefits of development have to filter down to the grassroots level. It is in this context that the identification, encouragement and development of social entrepreneurs capable off initiating socially purposeful activities become a vital concern (Swamy, R 1990).

Social entrepreneurship (SE) as a concept is a relatively a new field of study, it has made its foray into the field of management and behavioral sciences in the past 20 years. There is an increasing body of knowledge on Entrepreneurship, however SE as a subject is relatively new. A cursory look at the educational scenario in the field of entrepreneurship education highlights few progressive institutions which have started courses in the field of Social enterprise Management and Social entrepreneurship.

**Table 4.6 : Growing popularity of Social Entrepreneurship as an academic discipline.**

<table>
<thead>
<tr>
<th>International</th>
<th>Names of Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>school, etc.,</td>
</tr>
<tr>
<td>TISS(Mumbai), CSIM(Chennai), SIESCOMS</td>
<td>(Mumbai), NMIMS(Mumbai), EDI (Ahmedabad), International Institute of social</td>
</tr>
<tr>
<td>(Mumbai)</td>
<td>entrepreneurship(Mumbai)</td>
</tr>
</tbody>
</table>

As this subject is still in its infancy stage in the academic world there is absence of a proper definition and theory surrounding it. Social entrepreneurship is essentially an interdisciplinary concept, as it encompasses in its fold nuances of Entrepreneurship, social change, social capital, social responsibility and Governance. Even the CII has
recognized the contribution of Social entrepreneurs and have collaborated with Schwab foundation to honor, discuss and deliberate the field of social entrepreneurship during the World Economic Forum. Some social entrepreneurs from India have generated social value through innovative not-for profits (Dr. Madhav Chavan, Sheela Patel & Jockin Arputham, Dr. Armida Fernandes, Amitabh Sadangi) others through for-profit micro-lending institutions or community development banks (Vineet Rai, Vikram Akula) and others by combining not-for-profit and for-profit Components (Judy Frater, Sanjay Bapat).

4.3.4 An assessment of qualities of an entrepreneur and a social entrepreneur.

In Schumpeter’s words, Entrepreneurship is a type of leadership, (where he leads the means of production into new channels) rather than ownership and he gets satisfaction from using his capabilities in attacking problems. If this is applied to social entrepreneurship we can state that a social entrepreneur is a leader who gets satisfaction in solving the problems of his constituents without aiming for private profit. Australian economist Hayek von Misses and Kirzner recognized the impact of individual on the economy. Australian view emphasized on creative and active role of human action which was fundamentally different with the Neo-classical view which considered human as passive, rational and mechanical within efficient markets.

4.3.4.1 Qualities of an entrepreneur

The major approach in social sciences with respect to entrepreneurship was to define it and encourage. The entrepreneur goes about his business bearing a mythical aura- he is a special person with a particular talent, who does a special thing creating products, employment and prosperity. The goal is to define and synthesis his actions or talents in to a formual that can be applied where needed- entrepreneurship as aspecific tool to be implemented against poverty( Montoya 2000; 334).
4.3.4.2 Qualities of a social entrepreneur.

According to Peter Brinckerhoff( ) “The core of social entrepreneurship is good stewardship. Good stewards don’t just rest on their laurels, they try new things, serve people in new ways, are lifelong learners, try to have their organizations be fonts of excellence”, he further reiterates “Social Entrepreneurs have these characteristics...

- They are constantly looking for new ways to serve their constituencies and to add value to existing services.

• They are willing to take reasonable risk on behalf of the people that their organization serves.
• They understand the difference between needs and wants.
• They understand that all resource allocations are really stewardship investments.
• They weigh the social and financial return of each of these investments.
• They always keep mission first, but know that without money, there is no mission output.”

Dees identified five essential ingredients for a social entrepreneur: (1) a powerful, new system change idea; (2) creativity; (3) potential for widespread impact; (4) entrepreneurial quality; and (5) strong ethical fiber. While the idea itself is extremely important to Dees, he also considers its potential replicability and impact. They take initiative and tap undeveloped human and economic resources and use them to pursue a social mission: to enrich learning, protect the environment, promote public health, advance human rights, and spark economic development. In Drayton’s view, social entrepreneurs are extremely rare because they must possess several characteristics and skills that are not often found in the same person. He asserts: There are many creative, altruistic, ethically good people with innovative ideas.

Jerr Boschee, the President and CEO of the National Center for Social Entrepreneurs, sees the “nonprofit mentality” - the belief that capitalism and profits are social evils - as the “single greatest obstacle” in the implementation of entrepreneurial strategies (Boschee, 1998). From experience working with social entrepreneurs, he has come up with what he terms the “raw materials” of social entrepreneurship: 1) Candor; 2) Passion; 3) Clarity in your mission; 4) Commitment; 5) Core Values; 6) Products and services driven by customers; 7) Sound business concepts; 8) Willingness to plan; 9) Building the right team; 10) Having sufficient resources; and 11) Ability to improvise. Overcoming the nonprofit mentality with these skills is the formula for success for the social entrepreneur.
Like business, not every social sector leader or the circumstances in which the organization was formed can afford to be entrepreneurial. For example, wherever the basic services have not reached or the resources are limited, or the support is not forthcoming from the stakeholders, it is not possible to adopt the concept of social entrepreneurship. Social entrepreneurs are a type of social change agent who with their innovative abilities has transformed the way a particular problem could be addressed. Thus, what sets social entrepreneurs apart from others are their vision, creativity, moral fiber, and ability to mobilize the community and garner resources for social change. In this thesis the researcher has tried to differentiate between NGO\(^2\) and Social entrepreneurial organization to gauge the differences in their approach and the impact of their programmes.

### 4.3.5 Differences between Business and Social Entrepreneurs.

Social entrepreneurs are one species in the genus\(^1\) entrepreneur. They are entrepreneurs with a social mission. Wealth is just a means to an end for social entrepreneurs. With business entrepreneurs, wealth creation is a way of measuring value creation. This is because business entrepreneurs are subject to market discipline, which determines in large part whether they are creating value (Dees)\(^3\). Recognizing the similarities between profit and nonprofit entrepreneurs - such as an action orientation and a focus on profitability, Thalhuber (1998) notes several major differences:

<table>
<thead>
<tr>
<th>For-Profit Entrepreneurs</th>
<th>Social Entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Strength from personal skills and knowledge</td>
<td>* Strength from collective wisdom and experience</td>
</tr>
<tr>
<td>* Focus on short-term financial gain</td>
<td>* Focus on long-term capacity</td>
</tr>
<tr>
<td>* No limit on scope of ideas</td>
<td>* Ideas limited by mission</td>
</tr>
<tr>
<td>* Profit is and end</td>
<td>* Profit is a means</td>
</tr>
<tr>
<td>* Profit pocketed or reinvested for further profit</td>
<td>* Profit put into serving people</td>
</tr>
</tbody>
</table>

\(^{2}\) 19 NGOs under study.  
\(^{3}\) [http://www.fuqua.duke.edu/centers/case/documents/dees_SE.pdf](http://www.fuqua.duke.edu/centers/case/documents/dees_SE.pdf)
The following table illustrates the difference between the entrepreneurs:

Table 4.7: Difference between Business and social entrepreneurs.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Entrepreneur</th>
<th>Social Entrepreneur</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orientation</td>
<td>Business entrepreneurs are subject to market discipline. For them, the profit that their venture generates is a fairly good indicator of the value they have created. In business-speak, if an entrepreneur cannot convince a sufficient number of clients to pay for a service or a product so that a profit can be generated, then the entrepreneur will redirect those investments elsewhere, or they will be out of business.</td>
<td>Social entrepreneurs enter the scene precisely where markets have failed to deliver critical public goods, particularly to those who cannot pay.</td>
</tr>
<tr>
<td>Decision Making</td>
<td>Strategic management of the organization or decisions based on sound management principles.</td>
<td>different pricing decisions, different decisions about employee compensation, different investment, undertake different kinds of new venture, engage in different kinds of collaborations</td>
</tr>
<tr>
<td>Collaborations and networks</td>
<td>They collaborate with Government and other financial institutions to achieve their mission.</td>
<td>They collaborate and often work through non-profit and citizen groups.</td>
</tr>
<tr>
<td>Application of various management and organizational principles</td>
<td>These principles are used to create and manage a venture to make economic gain in the short term and both economic and social gain in the long term with their CSR initiatives.</td>
<td>These principles are used to create and manage a venture to make social change.</td>
</tr>
<tr>
<td>Profit orientation</td>
<td>Very important</td>
<td>Is important for some NPOs which have ventured into social enterprise development.</td>
</tr>
<tr>
<td>Emphasis on bottomline#</td>
<td>Financial, environmental and social</td>
<td>Double and triple bottom line(namely social,</td>
</tr>
</tbody>
</table>
4.3.6 Social entrepreneurship: a contradiction of terms.

It is possible to distinguish two approaches in the growing literature on social entrepreneurship. Both emphasize the social desirability of the initiatives studied, though from slightly different angles:

a) Focusing on intentions and outcomes: “Innovative efforts to solve persistent social problems of poverty and marginalization that, to some extent, have been successful in increasing their impact and catalyzing social transformation.” (Alvord/Brown/Letts 2004: 137).

b) Focusing on opportunities, in an adaptation of Venkataraman’s (1997) approach to the realities of social enterprising: Social entrepreneurs are “People who realize where there is an opportunity to satisfy some unmet need that the state welfare system will..."
not or cannot meet and who gather together the necessary resources /../ and use these to ‘make a difference’.”(Thompson/Alvy/Lees 2000, Cited in Yohanan Stryjan 2005)\(^{24}\).

4.3.6.1 Different perspectives in the field of social entrepreneurship
There is a wide ranging discussion about the field of entrepreneurship in terms of is it a field which gives emphasis on social innovations or a field which emphasizes on social enterprise development as a means to augment income from earned income sources to sustain the organization in the long run.

4.3.6.1.1 Social enterprise development.
4.3.6.1.1.1 Conceptual clarification
“Social enterprises are any nonprofit revenue-generating business, venture, activity, or project, founded for the dual purpose of earning income and contributing to a social cause.”-Social Enterprise Alliance, 2003

As early as 1996 The Roberts Foundation Homeless Economic Development Fund defined social enterprise as "a revenue generating venture founded to create economic opportunities for very low income individuals, while simultaneously operating with reference to the financial bottom-line.

“Social enterprise is profitable business run by community, for the community and profit & loss must be shared to community”.

Prema Gopalan - Swayam Shikshan Prayog (SSP)

According to Surya Prakash Loonker\(^{25}\) Social enterprise is a for-profit entity setup with a mission to solve a social problem with a clear business and revenue model around the solution.


\(^{25}\) CATALYST - Social Development Consultants P Ltd (CSDC)
A social enterprise is a business with primarily social objectives and whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. Social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy. Social enterprises are diverse. They include local community enterprises, social firms, mutual organisations such as co-operatives, and large-scale organisations operating nationally or internationally. There is no single legal model for social enterprise. Social enterprises have been viewed differently by different experts, for example according to Dees26 “Like a business entrepreneur what makes a social entrepreneur entrepreneurial is not the source of income, but their innovations and their impact. Earned income27 ventures are socially entrepreneurial only when they have a social purpose beyond simply making money. If social entrepreneurship is to be distinctive in any way, it must be because social objectives matter in how the venture is organized and managed. If the only way a venture serves your mission is by generating funds, it may be business entrepreneurship, but it is not social entrepreneurship. Social entrepreneurship must be about creating social value, not simply about making money. Earned income is only a means to a social end, and it is not always the best means. It can even be detrimental-taking valuable talent and energy away from activities more central to delivering on the organization's social mission.

Though it is very popular right now, it is just one funding strategy among many and must be assessed on a case-by-case basis”. On the contrary according to Dennis Young(2003) “strong financial performance is instrumental to success as it contributes to mission success: it should not be a stand alone Non profit goal in itself”.

26 http://www.fuqua.duke.edu/centers/case/articles/1004/corner.htm
27 Earned income is the process of generating revenue within the Non profit organization to sustain itself in the long run. Normally NPOs engage in sale of products manufactured by the beneficiaries, collecting fees for services rendered, leasing premise(s) on hire, starting a social enterprise activity etc.,
4.3.6.1.2 Social enterprise Typology

Nonprofits integrate commercial methods to support their social purpose and for-its incorporate social programs to achieve their profit making objectives.

Figure 4.5: Social enterprise sustainability chart.

Source: Kim Alter

From the above illustration we can make out that social enterprise vary depending upon the level of sustainability desired ranging from social to economic sustainability.

4.3.6.2.3 Classification of social enterprises.

Depending upon the mission of the Non profit organization the social enterprise structure will vary from social motive to profit motive.

1. On the basis of Mission orientation

Source: Kim Alter

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28 Kim Alter created this typology. It is an outgrowth of a paper commissioned by the Inter-American Development Bank in 2003 entitled: “Social Enterprise: A Typology of the Field Contextualized in Latin America.”
Thus, from the above illustration we can make out that the social enterprise spectrum would change depending upon the mission orientation.

2. On the basis of level of integration between social programs and business activities.

- **Embedded social enterprise** - In this case enterprise activities are "embedded" within the organization's operations and social programs, and are central to its mission. Social programs are self-financed through enterprise activities and thus, the embedded social enterprise also functions as a sustainable program strategy.

- **Integrated social enterprises** - In many cases integrated social enterprises expand or enhance the organization's mission enabling it to achieve greater social impact. This form of social enterprise enables an organization to generate funds to sustain the programme, and at times the entire organization is funded by the social enterprise depending upon the scale of operation of the NPO.

- **External social enterprises** - This form of social enterprise is distinct from the NPO and it operates independently and the funds are rooted to the social programme. In this type the entire operational aspect is independently handled.

4.3.6.2.4 Types of social enterprise

The different types of social enterprises are as follows:

- Community Enterprises like children's nurseries, community centres.
- Social Firms which aim to integrate people who might otherwise find it difficult in the mainstream job market, such as people with learning disabilities or mental health problems.
- Co-operatives - organisations owned and controlled, and run for the benefit of their members e.g. housing or shopping like retail co-ops
- Credit Unions - community based financial institutions providing savings and loan facilities for their members.
- Community Development Finance Institutions which provide loans and other types of investment for social enterprises.\(^{29}\)

4.3.6.2.5 **Contribution of social enterprise to development**

Social enterprise has great potential in the following areas:

- Ensuring financial sustainability for the voluntary and community sector by identifying opportunities for earned income
- Increasing first time employment opportunities for those on the margins of the labour market (long term un-employed and those with physical, learning, or mental health disabilities)
- As a model for public service delivery, both as a way to engage in the externalisation of local authority services and to develop local suppliers
- Assisting entrepreneurs to bring social and environmentally produced goods and services to niche markets and solutions where there is market failure
- Achieving corporate social responsibility goals for the private sector
- Creating new models of employee ownership and participation in the private sector.\(^{30}\)

Young (2005) identified the following types of mission-related contributions associated with nonprofit social enterprise ventures

1) Promoting Employment and Training including creation of jobs for community residents; employing and training the homeless; supporting working families by providing back-up child care; supporting working families by helping to find employment for disadvantaged workers; providing entrepreneurship training for

\(^{29}\) [http://www.cwcda.co.uk/index.asp?page=17](http://www.cwcda.co.uk/index.asp?page=17) accessed on 14/12/07

\(^{30}\) see [http://www.sel.org.uk/docs/WhatIsSE.pdf](http://www.sel.org.uk/docs/WhatIsSE.pdf)
youth; providing job training and farm produce for low income neighborhoods; and employing disabled workers.

2) Supporting Local Business Development including serving as a business training laboratory; promoting the community development venture capital industry; creating jobs and business ownership etc.,

3) Improving Local Community Infrastructure including providing affordable housing groups with a quality product; revitalizing neighborhoods; helping other nonprofits manage their physical facilities; and improving housing affordability, health, safety, and energy efficiency for low income residents.

4) Helping Low Income Residents including assisting such individuals to achieve financial self-sufficiency, become financial stakeholders in their communities, and organize themselves with supporting materials and technical assistance; and promoting economic advancement of low income people through environmental improvement, education, social services, housing, job training and job creation.

4.3.6.2.6 Difference in the usage of the term social enterprise in different countries. The concept of social enterprise is very popular in UK and USA. However the usage of the term is different in different economies as illustrated by Borzaga and Defourny (2001), (Young 2002), Lars Hulgard (2006)^31 in the following section:

1. American tradition: Mix of non-profit organizations and private enterprises.

Figure 4.6: American tradition of social enterprise development.

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^31 Presentation made by Lars Hulgård, Department of psychology and Educational Studies at a symposium on “Learning environment for entrepreneurship” titled Introduction to Social Entrepreneurship on 28/09-2006 accessed from http://tankstationen.ruc.dk/documents/LarsHulgardIntroductiontoSocialEntrepreneurship.pdf on 27/11/07 at 8.30 AM
In the U.S., social enterprise is more commonly associated with commercial ventures undertaken by nonprofit organizations, which may entail a variety of social as well as financial objectives (Young 2000).

3. European tradition: Mix of cooperatives and non-profit, voluntary associations. Figure 4.7: European tradition of social enterprise development

In Europe, the concept of social enterprise is usually closely tied to the problem of “social exclusion” and the employment and support of marginalized populations, and encompasses the world of cooperatives as well as nonprofits (Borzaga and Defourny, 2001).
3. **Social entrepreneurship and social enterprise in mix spheres.**

In this thesis contrasting views of social entrepreneurship namely:

- is social entrepreneurship restricted to adding social value (by innovative ways of handling a problem) or
- does it have a double\(^{32}\) or triple bottom line\(^{33}\),

has been dealt with to understand whether these are distinct areas of social entrepreneurship or are they entwined in the broader concept of social entrepreneurship.

Figure 4.8: Social enterprise development in mix sphere.

![Diagram of social enterprise development in mix sphere](image)


From the above diagram we can make out that in a mix sphere the participants range from Public organizations to NPOs to co-operatives to private organizations.

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\(^{32}\) Double bottom line (blend economic and social values)

\(^{33}\) Triple bottom line
4. **Social Enterprise Development in India.**

The researcher is of the opinion that social enterprises (studied in the city of Mumbai) are a blend of profit-making ventures undertaken by nonprofit organizations with or without the co-operative model. For example, AMM\(^{34}\) has adopted a social enterprise model to provide Micro-insurance and micro finance to the socially excluded and also provides training to the marginalized to undertake micro-enterprises development either individually or within the structure created by the NGO and in their endeavor to create an impact have collaborated with Corporate houses and Research Institutions\(^{35}\). Thus the AMM model is a blend of the American and European model. On the contrary Creative Handicrafts another NGO studied by the researcher has adopted the co-operative model of the European countries and through formation of women co-operatives the socially excluded are trained and involved in group entrepreneurship model and the proceeds realized is partly shared with the members and balance is ploughed back in the organization. This organization has adopted the Fair trade mode by collaborating with the International Network of Fair Trade organizations.

Based on the above analysis and the scenario in the city of Mumbai (India), as identified during the field work, the concept of social enterprise development can be illustrated with the help of the following diagram.

From the illustration given below we can make out that in case of social enterprises established by AMM and Creative Handicrafts there is participation of multiple stakeholders namely the State(GOI), Research Institutes(RI), Corporate houses(CSR), NPOs, BDS providers, Academic Institutions(AI), International Networks(IN) and co-operatives(Co-op). The researcher proposes to highlight a framework for social enterprise development as an outcome of this thesis by showing the collaborative model involving the above stakeholders.

\(^{34}\) AMM- Annapurna Mahila Mandal

\(^{35}\) BARC to manufacture spices
pioneered by Mohd Yunus\textsuperscript{37} when he realized the existing banking services in Bangladesh refused to lend to the poor on the grounds of inability to produce collateral security against the loan. The Micro finance innovation has scaled across the world and today it is being replicated by various organizations across sectors (Private, Government and NGO). The power of innovative idea is phenomenal and capable of making a difference in the lives of people who were not benefited by the

\textsuperscript{36} the action of organizing or a systematic arrangement or approach (Oxford dictionary)

\textsuperscript{37} Founder of Grameen Bank.
existing models of economic development. The boundaries between business, government, and the nonprofit sector are shifting as societies search for better ways to provide socially important goods and to solve social problems. This reinvention of the social sector is creating a variety of entrepreneurial opportunities for those who can find creative and efficient ways for private organizations to contribute to the social good (Dees, 1996, p.3).

Table 4.8 : Types of social enterprises in India.

<table>
<thead>
<tr>
<th>Types of social enterprises in India</th>
<th>Names of Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operatives</td>
<td>AMUL, Mann Deshi Bank, SEWA Bank</td>
</tr>
<tr>
<td>MFIs</td>
<td>Aavishkar, SKS micro finance</td>
</tr>
<tr>
<td>BDS</td>
<td>Dasra, Social Edge, BYST, IRFT</td>
</tr>
<tr>
<td>Software companies</td>
<td>Mahiti, Mitra technologies</td>
</tr>
<tr>
<td>NPOs</td>
<td>IndianNGOs.com, SMGUL, CRY cards, Anaapurna Mahila mandal, WIT, NEED, Udyogini, Basix, Shrujan, SEWATFC</td>
</tr>
<tr>
<td>Fair Trade Organisations</td>
<td>Sasha, Craftsbridge, SHARE, Creative handicrafts</td>
</tr>
<tr>
<td>Health care</td>
<td>Jiva, Arvind eye hospital, Vaatsalya Healthcare</td>
</tr>
</tbody>
</table>

The classical economist like Adam Smith, Pigou and others did not have a clear idea about entrepreneurship; they used words like adventurer, undertaker and employer in their writing (Ghosh, 2000). The possibility of innovation and entrepreneurship is in all fields, the present study is confined to entrepreneurship in the social sector. The major source of spontaneity and discontinuity within the economic system is the innovative entrepreneur who pioneers qualitative changes into the system (Manimala 1988), though changes in consumer preferences may provide an opportunity for the innovator to bring about a qualitative change (Drucker, 1985), a proactive consumer or an intrapreneur can also be a source of innovation. The latter does not necessarily follow the former. In fact, in most of the cases, it is the other way round: the innovator brings about the change and educates the consumer to accept it.
(Schumpeter, 1934). This is also applicable in the field of social entrepreneurship as is visible in the case of several social entrepreneurs world wide, who with the power of innovative idea have revolutionised the way the problem has been addressed. The Child Line foundation\textsuperscript{38} of Jerro Billimoria illustrates one such innovative idea. This is why an innovative entrepreneur is crucial for both economic and social development. Schumpeter (1934) states that entrepreneur by definition is an innovator. The concept of innovative entrepreneur as enunciated by Schumpeter was true for a developed country unlike a developing country. The present study aims at examining pioneering innovative entrepreneurs from the non-profit sector. These entrepreneurs have been ideally termed/addressed social entrepreneurs (Dees , Prabhu, ).

The seven sources of innovative opportunities as illustrated by Drucker( ) can be applied to the social sector as follows:

1. **Source new product or service**- Social Entrepreneurial organizations have continued to deliver innovative programmes and in fact some social entrepreneurs can be rightfully addressed as serial social entrepreneurs because of their involvement in addressing the social issues with innovative solutions, e.g Barefoot College has added innovative programmes over the years.

2. **New strategy New market**- Making a product or service available to people who did not previously have access to it is a common way social entrepreneurs innovate: e.g. Micro-credit innovation of Grameen Bank.

3. **New source of inputs**- Social entrepreneurs often innovate by linking previously excluded groups to the formal economy, e.g. by establishing Affirmative business and social enterprises to assist the socially excluded.

4. **New industry / organization structure**- By changing the existing organization structure to in-corporate a for profit culture within the existing non-profit set up, e.g. social enterprises started by CRY and SEWA.

5. **Reframed terms of engagement**- Social entrepreneurs also innovate by changing the relationships between an organization and its constituencies. A

\textsuperscript{38} Childline was officially initiated in June 1996. It is a 24-hour hotline for children in distress and operates in 31 Indian cities. To date, it has assisted over one million children in need of medical assistance, protection from abuse, education, repatriation, counseling, long-term shelter and other emergency services.
study of social entrepreneurial organization illustrates that they have collaborated with various organizations to fulfill their mission. For example, SMS has collaborated with corporate houses, BARC, State government and MCGM to facilitate the development goals of the organization. Similarly Jeroo Billimoria of “Childline” mobilized support from TISS, government agencies, foundations, local child service agencies and businesses to build the Childline network.

6. New funding structures- In order to attain financial sustainability the organizations are adopting earned income strategies.

Thus, innovation is the corner stone of progress and a study of innovative entrepreneur both in profit and Non-profit sector is of special reference in terms of his contribution to economic and social development, particularly in a developing country.

4.3.8 Awards instituted to honor Social entrepreneurs

A study conducted SKOLL by aimed at assessing the impact of awards instituted by various foundations. A look at award winners worldwide illustrates the fact that Social entrepreneurship as a concept is here to stay. These social entrepreneurs have been heralded as a force to reckon with in the process of bringing about sustainable development. The early pioneers who recognized the work of social entrepreneurs have been illustrated as follows:

- Ashoka foundation
- Schwab Foundation
- SKOLL
- Templeton foundation
- MDSS
- Change Loom Awards.
- Opus Award.
4.3.8.1 An Assessment of Fellows selected by Ashoka and Schwab foundation.

Table 4.9: Assessment of Fellows of select foundations

<table>
<thead>
<tr>
<th>Region</th>
<th>Ashoka Award</th>
<th>Schwab</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>200</td>
<td>10</td>
</tr>
<tr>
<td>Asia</td>
<td>600</td>
<td>29</td>
</tr>
<tr>
<td>Europe</td>
<td>120</td>
<td>20</td>
</tr>
<tr>
<td>Middle East/ North Africa</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>North America</td>
<td>228</td>
<td>#</td>
</tr>
<tr>
<td>South America</td>
<td>500</td>
<td>#</td>
</tr>
<tr>
<td>America</td>
<td>#</td>
<td>49</td>
</tr>
<tr>
<td>Oceania</td>
<td>#</td>
<td>02</td>
</tr>
</tbody>
</table>

# break up of figures not available separately.


4.3.8.2 Social entrepreneurs from south-Asia

Table 4.10 :Social entrepeneurs from south Asia

<table>
<thead>
<tr>
<th>Countries</th>
<th>Ashoka Award</th>
<th>Schwab</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>01</td>
<td>-</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>53</td>
<td>05</td>
</tr>
<tr>
<td>East Timor</td>
<td>02</td>
<td>-</td>
</tr>
<tr>
<td>India</td>
<td>226</td>
<td>13</td>
</tr>
<tr>
<td>Indonesia</td>
<td>100</td>
<td>01</td>
</tr>
<tr>
<td>Nepal</td>
<td>35</td>
<td>01</td>
</tr>
<tr>
<td>Pakistan</td>
<td>25</td>
<td>02</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>09</td>
<td>-</td>
</tr>
<tr>
<td>Thailand</td>
<td>72</td>
<td>01</td>
</tr>
</tbody>
</table>

# Japan(2), Cambodia(1), singapore(1) and China(1)

Figures as on July 2007, posted on the website of respective foundations 

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4.3.8.3 Brief profile of Foundations covered in this study

1. Ashoka: Innovators for the Public is a foundation that promotes social change by finding and funding social entrepreneurs. As of 1998 and after 17 years in business, Ashoka has funded 180 social entrepreneurs working on education and children's issues, 147 working on the environment, 104 on income generation and poverty alleviation, 101 on women's issues and fifty-three on disability (Bomstein, 1998). Founded two decades ago by William Drayton, Ashoka has become one of the largest organizations in the world dedicated to social entrepreneurship. The organization's birthplace is Asia, and the very first Fellows were selected in India in 1982. Over the past 20 years, Ashoka has identified more than 400 social entrepreneurs in Asia alone, many of whom have received national and international recognition for their creative and practical solutions to challenging social and environmental problems. Ashoka's primary task is to help launch "new ideas" of social entrepreneurs around the world by creating global collaborations for leading social entrepreneurs working in fields such as health care, human rights, education, environment, and civic participation in 44 countries around the world.

2. Schwab Foundation

The Schwab Foundation does not give grants or invest financially in the organizations of its selected social entrepreneurs. Rather, it uses its resources to create unprecedented opportunities where social entrepreneurs who have successfully implemented and scaled their transformational idea, can further the legitimacy of their work, have access to usually inaccessible networks, and in consequence, mobilize financial and in-kind resources that enable them to continue to strengthen and expand. It does this in a variety of ways, including

1. supporting the participation and active involvement of its selected social entrepreneurs at the annual flagship events of the Schwab Foundation and the World Economic Forum,
2. continuously facilitating connections between interested investors and social entrepreneurs; supporting the participation of its social entrepreneurs to key events sponsored by other organizations

3. working with leading graduate schools around the world to offer opportunities for executive training to its social entrepreneurs working with companies to advance specific activities of social entrepreneurs or initiatives that support social entrepreneurship.

4. offering the possibility of internships for graduate students in relevant areas of interest to specific social entrepreneurs.

5. working closely with leading academic institutions to publish case studies on specific social entrepreneurs for incorporation in undergraduate and graduate level courses.

Finally, while the Foundation works with each social entrepreneur to best meet their organizational needs. The Foundation is also recognized increasingly for building a “community of practice” among those it selects.39

3. MDSS Brief note about its activities.

The Manava Seva Dharma Samvardhini (MDSS) gives national awards annually to women who are engaged in social work. This award - the Gnanananda National award is given to create awareness among the public and provide a platform for people to interact with these individual who are "isolated acts of excellence".

4.3.9 Development through social entrepreneurship

According to Dees (1998, 2003), social entrepreneurs are not profit driven, and they advance social transformation by advocating for specific missions, tackling the roots of societal problems, and confronting social needs holistically. They work in several ways: by identifying and actively developing opportunities, implementing new methodologies and ideas, creatively combining resources, focusing on accountability,

39 http://www.schwabfound.org/whatwe.htm
and creating social impact. Renshaw (1994: 47) voices the concern of many when she says that the SNGOs 'does not in and off itself strengthen civil society'.

SNGOs contribute to civil society only when they build original capacity at the community level, develop replicable service delivery models and contribute to policy debates. Social entrepreneurs like MOH Yunus, Bunker Roy, Jeroo Billimoria, Ela Bhatt, Prema Purao and Jaya Arunachalam have definitely contributed to the civil society. Further Pearce(1993: 225) says: “an authentic civil society must involve the poor and the weak gaining real and meaningful rights as citizens, genuinely enfranchised and able to build organisations to defend their interest. It is about the rights of individuals to associate voluntarily. Constructing civil society cannot be essentially about building up intermediary development organisations to represent the poor: it must be about empowering the poor enabling them to fight for their own rights as citizens”. Social Entrepreneur is one who detects a problem in the society and directs his mite towards enabling the marginalized section of the society to stand firm in the face of challenges. He conceives a social organization for this purpose and displays considerable grit and determination in bringing about a social change by empowering the people. The social entrepreneur brings about an innovative change and educates the beneficiaries to accept it through participatory approach. Worldwide a number of social entrepreneurs have made a marked difference namely Victoria Hale, Vera Cordeiro, Ibrahim Abouleish and Helmy Abouleish, Joe Madiath

\[\text{148}\]

\[\text{40}^{\text{The Institute for OneWorld Health established in 2000, is the first non-profit pharmaceutical company in the United States. Its social entrepreneurial business model leverages promising industry research to create life-saving medicines for those most in need.}}\]

\[\text{41}^{\text{She is the founder of “Rebirth: Association for Children’s health” a network of organisations in Brazil, that extends care to poor children after they are discharged from the hospital.}}\]

\[\text{42}^{\text{They established Sekem in 1968; it believes that sustainable profit making should go hand-in-hand with an integrated socioeconomic business model. Their organisation provides employees and farming communities the opportunity to improve their education, health and quality of life throughout the country. Sekem has grown exponentially in the last decade to become a nationally renowned enterprise and market leader in organic foods, clothing and phyto-pharmaceuticals.}}\]
Govindappa Venkataswamy and Thulasiraj D. Ravilla and others. In India Innovations in the social sector have brought about a marked difference in the lives of people especially in the standard of living of marginalized section of the society, as is evidenced in the approach adopted by Bunker Roy (Barefoot college), Ela Bhatt (SEWA), Jaswantibehn Popat (Shri Mahila Gruh Udyog), Prema Purao (Annapurna Mahila Mandal), Jaya Arunachalam (Working Women’s forum),

43 Gram Vikas helps thousands of villagers from the most marginalized tribal groups and scheduled castes to organize themselves to solve a wide range of social and health problems.
44 The Aravind Eye Care System treats over 1.4 million patients each year, two-thirds of them for free. The hospital is an international resource and training centre that is revolutionizing hundreds of eye care programmes in developing countries.
45 He established the Barefoot College in Tilonia Rajasthan, in 1972 with the belief that solutions to rural problems lie within the community. His organization addresses problems of drinking water, girl education, health & sanitation, rural unemployment, income generation, electricity and power, as well as social awareness and the conservation of ecological systems in rural communities. The barefoot technicians (women) trained at his college go around the villages installing and maintaining solar electric systems in rural areas.
46 SEWA was established in 1973. Its efforts over three decades to increase the bargaining power, economic opportunities, health security, legal representation and organizational abilities of Indian women have brought dramatic improvements to thousands of lives and influenced similar initiatives around the globe.
47 Along with her contemporaries, she founded Lijjat in 1959 in Mumbai (Bombay) using a $2 loan. Lijjat’s main product is papadum, a crunchy bean chip, the company has since diversified and now offers a range of products in addition to several varieties of its original product. The company is worth over $50 million.
48 This NGO is involved in upliftment and emancipation of destitute women by empowering them to fight social evils, and train women them for self-employment. Their range of programmes include the provision of credit facility, self-employment, vocational training, shelter, legal and medical aid, counselling, literacy, education, rehabilitation of divorcees, widows, destitute women, a day-care centre for children of working women as well as a hostel. The three-decade-old AMM, which initially had 14 members — wives of mill workers — has so far disbursed Rs 60 crore as micro-credit loans to members, and there has not been a single defaulter.
49 As president of the Working Women’s Forum, an organization she founded in 1978 in Madras, Arunachalam has worked to develop the potential of poor female workers in India’s informal economic sector like the street vendors, washerwomen, fisherwomen, silkworm growers and silk weavers.
Chetana Gala Sinha\textsuperscript{50} (Mann Deshi Mahila Bank), Jyoti Mhapsekar (Stree Mukti Sanghatana) to name a few. Apart from these social entrepreneurs, a number of other social entrepreneurs have created an impact in varied fields ranging from good governance to land rights such as Arvind Kejriwal\textsuperscript{51}, Vivek Pandit\textsuperscript{52}. These pioneers of social change have brought about enormous change by which the problems are addressed at the grassroots level. These examples illustrate that an innovative entrepreneur is crucial for both economic and social development of a country. The existing body of literature on entrepreneurship in India barring a few, have not emphasized on the role of innovator. Tripathi (1981, 985), states that the distinction between innovators, adapters and imitators is meaningless. The Social entrepreneurs have made an impact in varied fields such as economic development, environment, Fair Trade, income generation, civic engagement, human rights, learning/education and other areas across the world. Some of the sers from India are present in both profit and non-profit segment. The following table illustrates the innovative approaches adopted by few social entrepreneurs throughout the world.

Table 4.11: A brief review of social entrepreneurs from different parts of the world

<table>
<thead>
<tr>
<th>Social entrepreneur#</th>
<th>Organisation</th>
<th>Innovative idea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fazle Abed</td>
<td>Bangladesh Rural Advancement Committee (BRAC)</td>
<td>His organization has lifted which over 35 million people out of poverty.</td>
</tr>
<tr>
<td>Muhammad Yunus</td>
<td>Grameen Bank</td>
<td>global micro-credit movement</td>
</tr>
<tr>
<td>Tasneem Siddiqui</td>
<td>Action Research for Shelter</td>
<td>He is innovated an approach to provide affordable housing to over 8,000 families and</td>
</tr>
</tbody>
</table>

\textsuperscript{50} She founded the Mann Deshi Mahila micro-enterprise development bank and Mann Vikas Samajik Sanstha NGO, which strive to enhance the economic empowerment and advancement of rural women through savings and lending, education, property rights, and social security initiatives.

\textsuperscript{51} He is social activist and crusader for greater transparency in Government. He was awarded Ramon Magsaysay Emergent Leadership award in 2006 for activating India's Right to Information movement at grassroots and social activities to empower the poorest citizens to fight corruption by holding the government answerable to the people.

\textsuperscript{52} Vivek Pandit leads the human rights organization Samarthan.
<table>
<thead>
<tr>
<th>Name</th>
<th>Organization/Project</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Rice</td>
<td>TransFair USA</td>
<td>His organization is assisting coffee farmers organize their own marketing cooperatives in Nicaragua and other parts of Latin America, to sell products under the Fair Trade banner.</td>
</tr>
<tr>
<td>David Green</td>
<td>Project Impact</td>
<td>They have worked with various organizations to make medical technology and healthcare services sustainable, affordable and accessible to all, particularly to the poorer two-thirds of humanity.</td>
</tr>
<tr>
<td>Dr. Bindeshwar Pathak</td>
<td>Sulabh Shauchalya</td>
<td></td>
</tr>
<tr>
<td>Vikram Akula</td>
<td>SKS Microfinance Pvt. Ltd</td>
<td>It is an NGO-turned-private company which applies global business practices to the field of microfinance.</td>
</tr>
<tr>
<td>Sunil Abraham</td>
<td>Mahiti</td>
<td>He provides web services and products that are affordable and effective for the Indian voluntary sector.</td>
</tr>
<tr>
<td>Jeroo Bilimoria</td>
<td>Childline</td>
<td>Help line for children</td>
</tr>
<tr>
<td>Sheela Patel &amp; Jockin Arputham</td>
<td>SPARC</td>
<td>SPARC is engaged in Urban slum Rehabilitation. It has forged a 3-way alliance with the National Slum Dwellers Federation (NSDF) and Mahila Milan (MM), a federation of women’s collectives.</td>
</tr>
<tr>
<td>Ashok Khosla</td>
<td>Development Alternatives</td>
<td>It is involved in using technology to provide sustainable livelihoods across India.</td>
</tr>
<tr>
<td>Javed Abidi</td>
<td>National Centre for Promotion of Employment for Disabled People</td>
<td>He is working to make legislative rights and economic opportunities a reality for the disabled in India.</td>
</tr>
<tr>
<td>Dr. Radhikee Khanna</td>
<td>S P J Sadhana School</td>
<td>School for differently abled with emphasis on vocational training.</td>
</tr>
<tr>
<td>Goria De souza</td>
<td>Parisar Asha</td>
<td>Environmental approach to learning</td>
</tr>
<tr>
<td>Vijay Mahajan</td>
<td>BASIX</td>
<td>It is the first microfinance institution (MFI) in India, and among the first in the world, to attract commercial equity investments internationally and within India. The mission of BASIX is to promote a critical mass of opportunities for the rural poor and attract commercial funding.</td>
</tr>
</tbody>
</table>
From the above analysis we can make out that the social entrepreneurs have contributed extensively to the various fields of development sector. An analysis of the unique style of these social entrepreneurs illustrates their ability to come up with innovative ideas to bring about a revolution in the basis approach to a problem or an issue. Unlike business entrepreneurs they do not gain to stand in terms of financial gain and are satisfied with their ability to tackle a problem with an innovative solution and replicate it at the earliest without compromising on their ability to deliver their services. The researcher is of the opinion that these social entrepreneurs are propelled by Deontic motive\textsuperscript{53} and not financial motive.

The present study proposes to fill the research gap by studying the socio-demographic profile of social entrepreneurs, the difference between an NGO and a social entrepreneurial organization based on select parameters in the city of Mumbai. A study of this magnitude is not possible at all India level owing to the constraints of time in completion of doctoral studies.

4.3.10 Powerful social ideas from the world

In the process of empowering the beneficiaries and bringing about social change a social Entrepreneur does one of the following:

\begin{itemize}
\item a) Perceives opportunities for bringing about a radical change.
\item b) Empowers people to set up their own enterprises.
\item c) Obtains necessary information and disseminates the same to the needy.
\item d) Arranges initial capital.
\item e) Conducts training programmes.
\item f) Liaisons with GOI, financial institutions and donors.
\item g) Brings about a social transformation.
\item h) Combines the passion of social mission, with an image of business like discipline.
\item i) Encourage people to become more enterprising.
\end{itemize}

\textsuperscript{53} Deontic motive is a sense of obligation
Thus, in an era where accountability of NGOs is discussed at great length, ‘Social entrepreneurs are socially accountable’.

4.3.11 Powering innovation worldwide an analysis of select social entrepreneurs.

1. BRAC, the former Bangladesh Rural Advancement Committee, is one of the most widely studied non-governmental organizations in the world. For three decades, it has been fighting poverty, illiteracy and child mortality, and supporting women’s health and development on a massive scale in rural Bangladesh. BRAC mobilizes the latent capacity of the poor to improve their own lives through self-organization. BRAC’s full-time staff of 28,000 has helped 3.8 million poor women establish 100,000 village organizations. BRAC’s health programmes reach 10 million people; its non-formal schools cater to 1.2 million children (of which 70% are girls) and its micro-credit programme has disbursed US$ 1.8 billion in loans with a reported 98% repayment rate. BRAC is now working with Afghanistan to support their reconstruction efforts.

3. Grameen Bank- A Poverty-focused Development Bank, Bangladesh

Grameen Bank aims to make credit available to the landless and near-landless women and men of Bangladesh. It began as an action-research project of Chittagong University and a number of public sector banks in 1976. It functions on an impressive scale, with over 600 branches covering 14,000 villages by 1989. Some 71% of borrowers are women, and the repayment rate on loans is 98%. The Grameen Bank Project came into operation with the following objectives:

- extend banking facilities to poor men and women;
- eliminate the exploitation of the poor by money lenders;
- create opportunities for self-employment for the vast multitude of unemployed people in rural Bangladesh;
- bring the disadvantaged, mostly the women from the poorest households, within the fold of an organizational format which they can understand and manage by themselves; and
- reverse the age-old vicious circle of "low income, low saving & low investment", into virtuous circle of "low income, injection of credit, investment, more income, more savings, more investment, more income".
In October 1983, the Grameen Bank Project was transformed into an independent bank by government legislation. Today Grameen Bank is owned by the rural poor whom it serves. Borrowers of the Bank own 90% of its shares, while the remaining 10% is owned by the government.

Grameen Bank (GB) has reversed conventional banking practice by removing the need for collateral and created a banking system based on mutual trust, accountability, participation and creativity. GB provides credit to the poorest of the poor in rural Bangladesh, without any collateral.

3. Childline. Jeroo Billimoria is a “serial entrepreneur” who has launched and scaled numerous transformational enterprises; one of her first major efforts was CHILDLINE in India, a 24-hour hotline for children in distress that today operates in 67 of India’s largest cities. It has responded to over 8.5 million calls and assists vulnerable children in need of medical assistance, protection from abuse, education, repatriation, counselling, long-term shelter and other emergency services. Using a toll-free number, CHILDLINE provides an easy entry point into an extensive network of hundreds of child-service organizations, making it possible for citizens across India to assist children in danger at any time. Childline was officially initiated in June 1996. Building on her success in India, she founded Child Helpline International that now supports help lines in 71 countries. Jeroo has now embarked on a new effort to break the cycle of poverty by empowering children through teaching them about their rights and responsibilities and how to deal with money. It aims to provide them with the knowledge and ability to set goals and save towards a better life. This initiative, currently denominated as “Child Savings International” (www.childsavingsinternational.org) has been developed and tested in India over four years with more than 70,000 children.

The Bang’s have helped in reducing infant mortality rates dip from 121 to under 30 in tribal Gadchiroli –India In the mid-1980s, Gadchiroli, dubbed the most "backward"
place in Maharashtra, appeared to hit a very elusive goal for much of the rest of the country: it had the best record in the state for family planning targets. The credit for this transformation goes to two doctors, Abhay and Rani Bang, who gave up opportunities to pursue lucrative careers after graduating from the prestigious Johns Hopkins School of Public Health in Baltimore, and came here instead. The success of this effort, which came to be called the "Gadchiroli model", has earned acclaim for the doctors and their organization, the Society for Education, Action and Research in Community Health, better known as SEARCH. In fact, the government now plans to replicate the "home-based neonatal care" model to bring down infant mortality rates across the country. The project is proposed to be piloted in two districts each in Madhya Pradesh, Uttar Pradesh, Orissa, Rajasthan and Bihar. The government hopes to reduce the infant mortality rates from the current level of 64 per 1,000 live births in rural India to 27 per 1,000 births by 2015. Other developing countries, too, have shown an interest in replicating the model developed by the Bangs. Last November, key decision makers from African countries such as Ethiopia, Kenya, Uganda, Zambia, Malawi, Mozambique and Madagascar visited Gadchiroli to study the pioneering work that the two doctors have done on newborn care. For their work, the Bangs have received awards from the non-profit Save the Children and the MacArthur Foundation, among many other recognitions. Besides the public accolades, the doctors have inspired countless young medical professionals.

5. Amitabha Sadangi Schwab fellow, CEO, of International Development Enterprises has changed the lives of over 450,000 farmers by bringing water to the parched fields of Brij Wasan right on the outskirts of Delhi, his project has converted dry patches of land to acres of fertile soil. Sadangi reiterates that “We came up with a technical solution - drip irrigation in the south and west of India where there is water scarcity. By cutting down cost, people can buy it at a cheaper cost. Also productivity of the crop is much better under this system. We came up with a technology called a treadle pump which helps the poor to be water-independent”
6. Bunker Roy- Barefoot College identifies poor, rural jobless and unemployable youth who have been unable to finish their formal education and have returned to their village as dropouts. These very individuals are trained to be "barefoot" doctors, teachers, engineers, architects, designers, metal workers, IT specialists and communicators. The innovation lies in the simple and informal method of confidence building. Barefoot College does not believe that educational degrees are either relevant or important when it comes to developing people; only a hands-on approach achieves results. The Barefoot method challenges the notion that formal education is required to become a solar engineer, for instance. Barefoot technologists have solar electrified several thousand houses in 8 Indian states and installed hand pumps in the Himalayas, a task which urban engineers had declared technically impossible. Barefoot water engineers have planned and implemented piped drinking water. Barefoot educators have been trained as pre-primary and night schools teachers. Nearly 3,000 boys and girls that have to perform household chores during the day attend over 150 Barefoot-run night schools. A Children's Parliament supervises the schools, and all three elected prime ministers have been girls. Barefoot communicators using puppets have changed the attitudes of many communities on issues such as child marriage, rights of women, equal wages for women and child literacy. Barefoot architects and masons constructed the 30,000 square foot Barefoot College out of low-cost materials. The campus is the only fully solar electrified College in India. Barefoot College is a testimony to the infinite capacity of people to identify and solve their own problems with their own skills, encouraging self-reliance and private initiative.

4.3.12 Brief assessment of social Entrepreneurs from Mumbai.

As a part of the empirical study the researcher has analysed the socio-demographic profile of seventeen social entrepreneurs from Mumbai. The socio-demographic profile of social entrepreneurs have been illustrated in chapter no 10. The following section illustrates a brief profile of these social entrepreneurs.
Table 4.12: Profile of social entrepreneurs from Mumbai.

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Social Entrepreneurs</th>
<th>Name of Organization</th>
<th>Year</th>
<th>Status</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dr. Armida Fernandes</td>
<td>SNEHA- Society for nutrition, Education &amp; Health Action.</td>
<td>1999</td>
<td>Ser</td>
<td>Milk bank, hospital on wheels</td>
</tr>
<tr>
<td>2</td>
<td>Dr. Madhav Chavan</td>
<td>Pratham Education Intitiative</td>
<td>1994</td>
<td>Ser</td>
<td>Primary education</td>
</tr>
<tr>
<td>3</td>
<td>Dr. Radhike Khanna</td>
<td>S P J Sadhana School for Mentally Challenged Children.</td>
<td>1984</td>
<td>Intra -serial</td>
<td>Education for mentally challenged</td>
</tr>
<tr>
<td>4</td>
<td>Dr. Sulabah Bhatavdekar</td>
<td>SULABHA School for Mentally Challenged Children</td>
<td>1979</td>
<td>Ser</td>
<td>Education for mentally challenged</td>
</tr>
<tr>
<td>5</td>
<td>Leena D'Silva</td>
<td>MONA Remedial Education Centre</td>
<td>1983</td>
<td>Ser</td>
<td>Remedial education</td>
</tr>
<tr>
<td>6</td>
<td>Mr. Shantaram Shennai</td>
<td>GREEN CROSS Society</td>
<td>1993</td>
<td>Ser</td>
<td>Waste disposal</td>
</tr>
<tr>
<td>7</td>
<td>Mr. Jockin Arputham</td>
<td>The National Slum Dwellers Federation</td>
<td>Mid 1970s</td>
<td>Ser serial</td>
<td>Mahila Milan Slum redevelopment</td>
</tr>
<tr>
<td>8</td>
<td>Mr. Shakil Ahmed</td>
<td>Nirbhay Bano Andolan</td>
<td>1993</td>
<td>Ser</td>
<td>Civic participation</td>
</tr>
<tr>
<td>9</td>
<td>Mrs Beena Lashkari</td>
<td>Doorstep School</td>
<td>1988</td>
<td>Ser</td>
<td>Education for slum and street children</td>
</tr>
<tr>
<td>10</td>
<td>Mrs Meenakshi Balasubramanium</td>
<td>Mutually Beneficial Activity Foundation</td>
<td>2001</td>
<td>ser</td>
<td>Vocational training and placement</td>
</tr>
<tr>
<td>No</td>
<td>Name</td>
<td>Organization</td>
<td>Year</td>
<td>Role</td>
<td>Nature/Activities</td>
</tr>
<tr>
<td>----</td>
<td>-----------------------</td>
<td>---------------------------------------</td>
<td>------</td>
<td>------------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>11</td>
<td>Ms Girija Sapre</td>
<td>CASP-Community Aid &amp; Sponsorship Programme</td>
<td>1975</td>
<td>Intrapreneur</td>
<td>Mentally challenged/activities as exe director</td>
</tr>
<tr>
<td>12</td>
<td>Ms Gloria De Souza</td>
<td>Parisar Asha - Environmental education Centre</td>
<td>1982</td>
<td>Ser</td>
<td>Environmental approach to learning.</td>
</tr>
<tr>
<td>13</td>
<td>Ms Haseena Khan</td>
<td>Awaaz-E-Niswaan</td>
<td>1987</td>
<td>Intrapreneur</td>
<td>Human rights</td>
</tr>
<tr>
<td>14</td>
<td>Ms Leena Joshi</td>
<td>Rationing Kruti Samiti (RKS)</td>
<td>1988</td>
<td>Ser -serial intrapreneur</td>
<td>Public distribution system</td>
</tr>
<tr>
<td>15</td>
<td>Ms Saheen Mistry</td>
<td>Akansha</td>
<td>1991</td>
<td>SER</td>
<td>Education</td>
</tr>
<tr>
<td>16</td>
<td>Ms Sudha Balachandran</td>
<td>NASEOH</td>
<td>1968</td>
<td>Intrapreneur</td>
<td>Differently abled</td>
</tr>
<tr>
<td>17</td>
<td>Ms. Jyoti Mhapsekar</td>
<td>Stree Mukti Sanghatana</td>
<td>1975</td>
<td>Ser -serial</td>
<td>Social awareness through theatre, Parisar vikas</td>
</tr>
</tbody>
</table>

*joined NASEOH in 1980.

Note: Ser stands for social entrepreneur

Source: Primary data collected.

From the above table we can make out that these social entrepreneurs have brought about a change by addressing issues which were overlooked by rest of the society. They had belief in their idea and went about bringing a change in their respective fields without worrying about the economic gain. True to the entrepreneurial spirit in them, these social entrepreneurs thought of an innovative idea that could metamorphosis into a social change. Without any financial support to their credit they surged ahead inspired by the confidence bestowed on them by the various stakeholders, and their ability to bring about change. Like an entrepreneur a social entrepreneur also had to overcome a number of challenges. Most of the seros have replicated their model in and around the country and even abroad. This in turn proves the ability of a social entrepreneur to work for the common good. These social
entrepreneurs were able to achieve their mission only triggered by the sense of relief and satisfaction they could sense in their beneficiaries.

An individual need not remain entrepreneurial always ... it is just as rare for anyone always to remain an entrepreneur throughout the decades of his active life as it is for a businessman never to have a moment in which he is an entrepreneur to however a modest extent (Schumpeter 1934 page 84). This study came across few serial social entrepreneurs who in their relentless pursuit to do “good” came up with innovative ideas to solve a number of issues which tend to affect the way the organization contributed to social good. For example:

1. Ela Bhatt started SEWA as a union to protect the rights of women from the informal sector in the state of Gujarat. Today it has started a number of activities like SEWA Bank, SEWA academy--------

2. Leena Joshi was a founding member of Rationing Kruti samithi an organization working for PDS. Today she is also successfully managing an NGO based in Mumbai namely Apnalaya.

3. Jyothi Mhapsekar started with a group of friends a women’s organization to propagate the cause of women. Through the innovative technique of use of ‘Theater’ as a form of communication she propagated the cause of Girl child by staging a well acclaimed play titled “Mulgi Zhali Ho”. Her organization has started another innovative programme “Parisar Vikas” to uplift the cause of waste pickers (poorest of poor) by linking them to various organizations.

4. Jockin Arputham started an organization National Slum Dwellers Federation(NSDF) for slum dwellers of Dharavi , over the years it collaborated with two more organizations namely Mahila Milan and SPARC to address the problems of urban slum dwellers.

5. Dr. Radhikee Khanna the vice principal of SPJ Sadhana School for mentally retarded children, in association with parents of differently able children established “OM” creations an organization which provides employment opportunity and marketing support to the products manufactured by the differently able children.
The increase in participation of the business houses in the social sector arena through their innovative CSR activities has led to socio-economic development, as is visible from the case of HLLs ‘Project Shakti’, ITC’s e-choupal, the collaboration of TITAN Company with an NGO named MYRADA, the initiative of Citi group to felicitate e Micro entrepreneurs in association with an NGO Partners for change and a number of other such instances. The involvement of the corporate in the economic and social development has led to the improvement in the standard of living of these marginalized sections of the society. Thus, the entire process of innovation both at the Economic and social arena has propelled a revolutionary change in the lives of beneficiaries as is visible in the case of the beneficiaries of SEWA, WWF, SMS and other NGOs engaged in empowering women.

The following social entrepreneurs have even received Magsaysay award.

a. Mohd. Yunus
b. Arvid Kejriwal
c. Fazel Ahmed
d. Palagummi Sainath

4.3.15 Parameters used to differentiate between Voluntary organizations and Social Entrepreneurial organizations.

This research is an attempt to study and evaluate the difference between Voluntary organizations and Social entrepreneurial Organisations in the city of Mumbai. Social entrepreneurship is a phenomenon that encompasses a range of parameters/facets. In the absence of a sound theoretical background to explain the concept of social entrepreneurship, the researcher has used some variables used by two foundations to differentiate between the Voluntary organizations vis-à-vis social entrepreneurial organizations in the city of Mumbai. However, this thesis restricts itself to studying the impact of VOs vis-à-vis Social entrepreneurial organizations in the process of empowering women by analyzing parameters such
Table 4.13 Parameter sued to evaluate Social Entrepreneurial Organisations

<table>
<thead>
<tr>
<th>Sr no</th>
<th>Parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Range of services offered</td>
</tr>
<tr>
<td>2</td>
<td>Beneficiary empowerment</td>
</tr>
<tr>
<td>3</td>
<td>Innovation</td>
</tr>
<tr>
<td>4</td>
<td>Impact assessment</td>
</tr>
<tr>
<td>5</td>
<td>Reach/scale of operation</td>
</tr>
<tr>
<td>6</td>
<td>Replication of the programme</td>
</tr>
<tr>
<td>7</td>
<td>Collaboration</td>
</tr>
<tr>
<td>8</td>
<td>Legislative and policy changes</td>
</tr>
<tr>
<td>9</td>
<td>Financial Sustainability</td>
</tr>
<tr>
<td>10</td>
<td>Award</td>
</tr>
</tbody>
</table>

Source: The parameters, illustrated in the aforesaid table has been short listed from the parameters used by Foundations to select fellows. However the researcher has also used some parameters, identified during the course of field work.

4.3.16 Brief overview of Institutional assistance available to social entrepreneurs.
In the recent past a number of institutions have been established to provide support and assistance to social entrepreneurs worldwide. The following table depicts some of them in brief.

Table 4.14: Overview of institutional assistance available to social entrepreneurs

<table>
<thead>
<tr>
<th>Incubators</th>
<th>Names of organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>Infosys Incubator, CSIM, Social Edge – Hyderabad, DASRA, PRAVAH</td>
</tr>
</tbody>
</table>
4.3.17 Pioneers who recognized the field of social entrepreneurship in India.

In India the following pioneers have recognized the contribution of social entrepreneurs and the field of social entrepreneurship namely Ashoka foundation, TISS, CII, Khemka foundation, FICCI CSIM. Many NPOs in India are turning to entrepreneurial approaches The Centre for Social Initiative and Management, Social Edge, TISS, NMIMS, SIESCOMs are training NPOs in entrepreneurial strategies & principles. There is a need to cultivate and support the burgeoning field of social entrepreneurship as the social entrepreneurs face a number of challenges in the process of carrying out their activities, in terms of Access to finance / credit, Support from Government, etc.

4.3.18 Challenges faced by social entrepreneurs in India

There is a need to cultivate and support the burgeoning field of social entrepreneurship. The social entrepreneurs face a number of challenges in the process of carrying out their activities. These challenges have been illustrated as follows: Problems faced, Access to finance / credit, Support from Government, Formation of an Apex body of Social entrepreneurs.

4.3.19 A Study of fair trade as a form of Social Enterprise

During the course of primary data collection from NGOs working for women in Mumbai, it was noticed that few organisations like Creative Handicraft and SHARE played an important role of acting as a mediator between the marginalised and the market for the sale of products manufactured under the group entrepreneurship model. This fueled interest in studying one of the organisations based in Mumbai which had linked the producers under the fair trade mode.

This section analyses fair trade as a form of social enterprise by highlighting the role of international networks and conventions which have been formed to assist producers
from developing countries to get a fair access to their products under the existing norms of the WTO.

**4.3.19.1 Fair Trade Movement a global perspective.**

The Fair Trade movement can, in one sense, trace its origins back to the development of the co-operative movement in the late nineteenth century. It began with the Mennonite Central Committee trading with poor communities in the South in the 1940s (IFAT, 2003) but only began to expand and become a "movement" in the 1960s and 1970s (Moore 2004).

Fair trade is typically understood as an alternative market system that aims to right historically inequitable terms of trade between the geopolitical North and South and foster more direct producer/consumer linkages. The Doha Development Agenda quotes the rhetoric of sustainability; Fair Trade organizations have the experience of how to make this a reality. A Fair Trade declaration signed by 96 members of the International Fair Trade Movement for UNCTAD XI meeting in June 2004 states that "millions of people in 48 countries of Latin America, Africa and Asia benefit from Fair Trade relationships". Fair Trade has emerged as a promising trading path for countless producers from the developing world.

The members of IFAT reiterate that ... that trade can reduce poverty and contribute to sustainable development. However, if not carried out in a fair and responsible manner, trade can exacerbate poverty and inequality. For the Doha Development Round to live up to its promises and really achieve development, the needs of Southern small and marginalised producers and their communities must be put at the heart of trade negotiations.

According to the definition of Fair Trade agreed between the main networks of this movement: "Fair Trade is a trading partnership, based on dialogue, transparency and respect that seek greater equity in international trade. It contributes to sustainable
development by offering better trading conditions to, and securing the rights of, marginalized producers and workers - especially in the South. Fair Trade organizations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade" (FINE, 2001).

Fair trade is an organized social movement and market-based model of international trade which promotes the payment of a fair price as well as social and environmental standards in areas related to the production of a wide variety of goods. The movement focuses in particular on exports from developing countries to developed countries, most notably handicrafts, coffee, cocoa, tea, bananas, honey, cotton, wine, fresh fruit etc. In sales it amounted to approximately €1.6 billion worldwide, a 41% year-to-year increase. While this represents less than one hundredth of a percentage point of world trade in physical merchandise, fair trade products generally account for 0.5-5% of all sales in their product categories in Europe and North America. In October 2006, over 1.5 million disadvantaged producers worldwide were directly benefiting from fair trade while an additional 5 million benefited from fair trade funded infrastructure and community development projects.

The Global Call to Action against Poverty is a worldwide alliance committed to making world leaders live up to their promises, and to making a breakthrough on poverty. Oxfam's Make Trade Fair Campaign is part of this global movement for change - working with others to demand trade justice so that trade can be part of the solution to poverty - not part of the problem. Its Make Trade Fair campaign is calling on governments, institutions, and multinational companies to change the rules so that trade can become part of the solution to poverty, not part of the problem. Its analysis of international trade rules, particularly the EU and US restrictions that prevent developing countries' access to their potential markets, finds the international system deeply unfair and democratic. Oxfam proposes that governments and the WTO can
remedy this, and that everyone can be involved in making international trade fair and poverty history.¹

The fair trade movement is based on sound principles to protect the interest of the constituents as enunciated in the Oxfam Trade Principles¹

1. Fair wages in the local context.
2. Participation in decision-making.
3. Safe working conditions and practices.
5. Protection of children and young workers.
6. Protection of the natural environment

The Consumers worldwide spent a record $2.21 billion on Fair Trade Certified products in 2006, according to Fair trade Labeling Organizations International (FLO). This is a 41 percent increase from 2005, and directly benefits more than 1.4 million producers and workers globally. The worldwide growth figures across product categories include cocoa by 93 percent, coffee by 53 percent, tea by 41 percent and bananas by 31 percent. The growth in product sales was matched by an increase in the number of licensees -- companies that sell final packaged Fair Trade Certified products -- in 2006 from 1514 to 1954¹.

4.3.19.2 Institutional Assistance available to Fair Trade organizations in the world.

Fair trade is supported by leading organizations such as Oxfam, Amnesty International, and Caritas International. Some of the international institutions which assist the growth of fair trade are:

 movement are as follows:

1. The International Federation for Alternative Trade (IFAT).

It is an international network of Fair Trade organizations in more than 50 countries; its members have a unique perspective as both trading entities and campaigners for social justice. As a result of its association with producers and partner organizations
of some of the world’s poorest communities, IFAT members have first-hand knowledge of the conditions under which trade can be a powerful force for sustainable economic and social development. Its members include 111 producer groups, export marketing organizations and brands in 35 Latin American, African and Asian countries. It includes 15 Fair Trade organizations in USA and Canada, Australia, New Zealand and Japan; in Europe it includes 3,000 Fair Trade shops (“World Shops”) affiliated to the Network of European World Shops (NEWS!) and 53 Fair Trade organisations in 11 European countries, including the European Fair Trade Association (EFTA).¹

2. **FLO- Fairtrade Labelling Organizations.**

It is the worldwide Fair Trade standard setting and certification organisation established in 1997. It enables more than one million producers, workers and their dependants in 50 countries to benefit from labelled Fairtrade. FLO guarantees that products sold anywhere in the world with a Fairtrade label ...conforms to Fairtrade Standards and contributes to the development of disadvantaged producers and workers.¹

3. **International Fair Trade Association.**

It is a global network of Fair Trade Organizations (FTOs), approximately 65% of its members are based in the South (that is: Asia, the Middle East, Africa and South America) with the rest coming from North America & the Pacific Rim and Europe. Members are producer co-operatives and associations, export marketing companies, importers, retailers, national and regional Fair Trade networks and financial institutions, all dedicated to the Fair Trade movement. IFAT’s mission is to improve the livelihoods and well being of disadvantaged producers by linking and promoting Fair Trade Organizations, and speaking out for greater justice in world trade.¹

4.3.20 **Fair trade in India.**

Few NGOs based in India who have adopted the Fair trade mode. These organizations use its proceeds to increase economic opportunities for low-income women and to empower these women to bring about changes in their lives, their families and their
communities. During the World Social Forum in India held in the year 2006, seminars were held to discuss and deliberate the future of Fair Trade in the Indian context. Some of the fair trade organisations based in India are WIT, PRADAN, Indus Tree Craft Foundation, NEED, Sewa Lucknow, Sasha Association for Craft Producers, Market place India, Udyogini, Asha handicrafts, Anwesha Tribal Arts and Crafts, Darabar Sahitya Sansad, Kalinga Shilpi Mahasangh, Puri Creative Handicrafts, Aparajita, Parampara, Adithi and Orupa.

Institutional assistance provided to fair trade organizations based in India.
The following section highlights the role of two organizations based in India namely,

1. **Fair Trade Forum India (FTF-I)**
   It is a national level networking organization of grassroots artisan / producer groups, facilitating organizations and individuals who comply with the Fair Trade standards. It assists its members all over India to grow fair trade visibility & standards through advocacy, lobbying, training and monitoring. It strives to facilitate producers' capacity building for better market access aimed at their all round sustainable development. At present, more than 80,000 artisans are associated with FTF-I through 45 member organizations. FTF-I is a member of International Fair Trade Association (IFAT) and Asia Fair Trade Forum (AFTF).

2. **International Resources for Fairer Trade (IRFT)**
   It is a membership based non-profit support organization established in 1995, as a part of Traidcraft (UK) initiative to expand its work in India. Its mission is to impact poverty and unemployment through fair trade. IRFT seeks to achieve this by encouraging sustainable development of the enterprises in which poor are involved through increased business growth and improved productive capacities. It has initiated SARTHEE -Developing Pro-poor Business Counseling Services in India, with an aim to provide support to Business Development Services (BDS) providers to develop high quality, effective business counseling services for pro-poor Micro and Small Enterprises (MSEs). In collaboration with Traidcraft Exchange (Tx) UK, IRFT also started a project PROFIT (Making Trade Work for the Poor: Promoting Fair
Trade in India) with assistance from European Commission & BTC (Belgium Technical Cooperation). This project aims at reducing poverty amongst poor and marginalized producers in India by increasing the ability of pro-poor micro and small enterprises to benefit from trade.

4.3.21 Fair trade organizations involved in empowering women in Mumbai.

In the light of the empirical research undertaken by the researcher two organizations were identified as Fair Trade organizations namely Creative Handicrafts and Market Place India. However this thesis covers only the case study of Creative Handicraft (Under chapter 10 page no..) on account of greater accessibility, ease in gathering data and greater transparency at Creative Handicrafts.

In order to achieve the Millennium Development Goals by 2015, particularly with reference to eradication of poverty & hunger, promotion of gender equality and empowerment of women, the government in collaboration with the private sector, voluntary organizations, and venture philanthropists needs to identify and initiate successful developmental initiatives on a large scale. The need of the hour is not only to identify innovative ways of addressing the problems of the society, but also identify how the various models developed by the Social Entrepreneurs can be replicated in India on account of their overwhelming achievement and impact.