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# Navigating Social Entrepreneurship Business Models in India

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**ABSTRACT:** Everyone is now concerned about society in the period of sustainable development. We take a lot from society, so it's natural to wonder what we're giving back. As a result, the social entrepreneurship business model arose. A term used to portray the entire picture of the work of social transformation on a bigger and more remarkable scale than a standard non-governmental organization (NGO) is the social entrepreneurship business model. It is extremely important in the research of non-profit and volunteer groups. Previously, groups that dealt with important social concerns had to be idealistic, charitable, and entrepreneurial. In India, the social entrepreneurship business model is gaining traction due to the government's interest in promoting it through funding, assistance, and licensing. Following the imposition of corporate social responsibility in the Companies Act of 2013, CSR in the private sector has played an essential role in strengthening the model of social entrepreneurship business model, with explicitly assigned money and full-fledged action teams. The aim of this paper is to explain the stage of business modes in India, know whether there are any difficulties faced by them, solutions to those difficulties, and does India require social entrepreneurship business model.

**KEYWORDS:** Sustainable development, Social entrepreneurship business model, Non-governmental organization, Non-profit and volunteer groups, Corporate social responsibility

## I. INTRODUCTION

Social entrepreneurship business models (Goyal, Agrawal, & Sergi, 2020) are mainly concerned with applying business solutions to social issues. There are no shareholders in a non-profit organization. As a result, a social enterprise's profits are re-invested in the organization's operations. Non-profit social groups required a new business model as they began to engage in revenue-generating operations. This paradigm ensured that market features, business concepts, and ideas (e.g., diversity, competitiveness, inventiveness, entrepreneurship, and a bottom-line focus) could coexist and work alongside traditional public sector virtues. Serving the public interest, attentiveness to the community and other ideals are among them. Furthermore, a successful social entrepreneurship business model relies on a strong economic model.

A social entrepreneur's business model (Satar, 2018) has two major parts and turns inputs into results, such as the creation of social benefit and income (economic value):

- A plan of action to achieve the desired result. This comprises both the internal structure of the company and its external partnerships.
- Because any organization requires resources to function (both financial and human), the business model must incorporate a resource strategy that specifies where and how the resources can be obtained.

## II. NEED FOR SOCIAL ENTREPRENEURS IN INDIA

A social entrepreneur is (Kumar, Kumar, Wisetsri, Raza, & Norabuena-Figueroa, 2021) someone who seeks out creative techniques that have the potential to tackle community-based problems and is prepared to take on the risk and work necessary to make beneficial changes in society.



As a developing economy, India (Ahmad, 2020) now requires many social entrepreneurs from various backgrounds to develop and execute efficient, innovative, and long-term remedies to social and environmental problems. These remedies can take the form of for-profit or non-profit services and goods. In education, sanitation, water conservation, gender bias, primary health, female foeticide, carbon emissions, and other environmental issues, India needs a large number of social entrepreneurs with new solutions. These issues are highly persistent and require immediate attention.

People usually delegate societal demands (Bansal, Garg, & Sharma, 2019) to the government or the private sector. Nonetheless, social entrepreneurs prefer to find elements of the current system that are inefficient and attempt to remedy the problem by improving it, increasing awareness about the solution, and persuading people to participate in the change. Let's look at Dr. Govindappa Venkataswamy's Aravind Eye Hospitals as an example. Its business model is both socially conscious and long-term. It is self-contained and self-sufficient. The founder's objective was to eliminate blindness among India's poor, particularly those surviving on a daily wage of less than \$1 and unable to afford medical treatment. Aravind Eye Hospitals offers high-volume, high-quality, and cost-effective eye care.

Despite the fact that 50% of its patients receive services for free (Sengupta, Sahay, & Croce, 2018) or at heavily discounted rates, the organization is fiscally self-sustaining. Equity is highly valued, as it ensures that all patients receive the same high-quality care and service, regardless of their financial situation. Economies of scale are at the heart of the model.

### **III. STAGE OF SOCIAL ENTREPRENEURSHIP BUSINESS MODELS IN INDIA**

The political background in India (Shukla, 2019), or more precisely, the political challenges that have plagued the country since independence, has had a significant impact on social entrepreneurship. Many social entrepreneurs in India work to bridge the gap between formal legislation (which acknowledges no social stratification) and social reality (the existence of the caste system). Natural disasters, which occur on a regular basis, have a substantial impact on the opportunity space for the actions of social entrepreneurs. Social entrepreneurs have built organizations to supplement and replace the work of national and international relief groups. India has a plethora of unexplored natural resources.

Human resources, agricultural products, forest products, rural market potential, and capital formation are just a few of the untapped resources. It is critical to tap into our country's tremendous untapped resources and direct them toward boosting comprehensive human development. It is the intentional undertaking of economic operations by an individual, a group, or a collection of related individuals for the purpose of economic empowerment. They are seen to be a vital part of any development plan. Economic growth in the country can play a political and social role in providing local jobs, balancing regional development, and generating income for the poor, all of which contribute to constructive social transformation.

Despite the current economic slowdown (Islam, 2020), the appeal of social entrepreneurship is expanding rapidly in India. Previously, organizations that worked to solve social problems were thought to be idealistic, charitable, and lacking in financial acumen or entrepreneurial skills. However, as the social and corporate sectors have become more connected, both have realized that a single method, whether pure philanthropic or pure capitalist, is insufficient to develop long-term institutions. The social entrepreneurship business model is in its infancy in India, but it offers enormous potential to anyone willing to take the risk.

India has shown enormous promise (Cherrier, Goswami, & Ray, 2018) since expanding its economy in the early 1990s, displaying rapid development and entrepreneurial zeal. However, many of its residents continue to face societal difficulties, such as poverty and a lack of opportunity and resources. Many non-governmental organizations (NGOs) are focused on enhancing the lives of many Indians, and the government has increased spending on social welfare and rural programs in an effort to boost economic development across this large country. However, social

entrepreneurship is gaining popularity in India. Many entrepreneurs are investing in such projects because they believe that individuals, not only the government or NGOs, can contribute new ideas, resources, and enthusiasm to solve social and economic concerns.

Despite the fact that the Indian economy (Akter, Jamal, Ashraf, McCarthy, & Varsha, 2020) is riddled with difficulties, businesses frequently avoid addressing basic requirements because they do not perceive the business case as an

opportunity to profit. Because a five-year term dictates the rules of the game for re-election, governments typically shy away from experimenting and engaging in innovative approaches to tackling societal problems.

#### IV. CHALLENGES FACED BY SOCIAL ENTREPRENEURSHIP BUSINESS MODELS IN INDIA

Social entrepreneurship business models (Kummitha, 2020) are in their early years hence have to face problems like:

- **A small group of social entrepreneurs:** The talents and characteristics of social and traditional entrepreneurs are frequently similar. Both are creative, have a burst of power, persistence, and perseverance, and are motivated by a goal to which they are deeply dedicated. Their motivation and aim, on the other hand, differ. The social entrepreneurship business model, on the other hand, is the outcome of unique characteristics inherited by only a tiny proportion of the population. These characteristics go beyond humanitarian motives and influence positive change in the world. Only a few people possess the necessary courage, responsibility, resourcefulness, passion, determination, and illogic to be successful social entrepreneurs.
- **Corruption and a lack of political will:** Political parties put a lot of pressure (Sahasranamam & Ball, 2018) on social entrepreneurs in emerging nations like India. They must display endurance and the ability to overcome challenges such as bureaucracy, bribery, and a lack of government assistance. These are the challenges that social entrepreneurs face.
- **An excessive amount of risk:** Social entrepreneurs are risk-takers (Alkire, Mooney, Gur, Kabadayi, Renko, & Vink, 2020) who go against the grain. Their families or communities may even reject them. They work without the lure of a monetary return, instead opting for compensation based on social value. Unlike NGOs, they make money, but only to keep the business running. The government's policy framework for recognizing social enterprises, as opposed to commercial enterprises or NGOs, is similarly vague, adding to the danger.
- **Not many investors:** In the recent decade, India has experienced a surge in start-ups in a variety of industries. E-commerce enterprises make up the majority of these start-ups. The focus is still on technology. Entrepreneurs in the technology sector are generating buzz and obtaining sufficient money from investors. During this time, the social sector has been mainly ignored. Many other sectors struggle to gain attention, support, and a built environment for success, despite the fact that healthcare and energy have gained investor interest and raised funds.
- **Dynamic nature:** The nature of social needs is constantly changing. The macro-business environment surrounding social entrepreneurs is also characterized by informal competition in the market and a scarcity of accurate data sets (customer, market, and infrastructure).

#### V. SOLUTIONS TO CHALLENGES

The social entrepreneurship business model (Rawal, 2018) takes a multi-faceted approach to solving their issues. They start with a targeted segmentation strategy based on socio-economic profiles and preferred locales. The social purpose type determines whether the extreme poor are excluded or included as a target sector. Social entrepreneurs choose their settings (rural and semi-urban) based on the demand-supply gap and the availability of basic support infrastructure, taking into account the socio-economic diversity of each location.

The adoption of a "need-based end-to-end solutions strategy" (Chaudhary, Abidi, Barman, Bansal, Bania, & Gupta, 2022) is the second step that social entrepreneurs take to address their issues. Energy-based social entrepreneurs, for example, create a value proposition for their social segment that includes access to funding, tailored product offerings, and after-sales support. Similarly, healthcare-related social entrepreneurs create a value proposition for their market that includes health awareness workshops, consulting, diagnostics, and drugs. This aids in cost management and operational efficiency.

Social entrepreneurs take the next action (Sengupta & Sahay, 2018) to devote a large amount of time, money, and resources to holding outreach camps and demonstrations in semi-urban and rural regions (at schools, religious institutions, and community hospitals, for example). They also put money towards training and hiring people from the community. They establish physical centers and form promotional alliances with local personalities and institutions.

The fourth phase is to build a collaborative ecosystem with a variety of stakeholders to harness their network for effective resource mobilization. They invest in growing local capacity by forming a value network of non-traditional



relationships and involving local people. Collaboration with philanthropic foundations, government institutions, NGOs, community service organizations, and local entrepreneurs is among the non-traditional partnerships to harness their acceptance and reach for last-mile connectivity and reach.

The fifth stage that social companies take is to concentrate on cost-cutting strategies in order to ensure a positive and long-term cash-flow-based environment. They try to use the most up-to-date technologies when creating and delivering value; they offer multiple products and services through the same delivery channels; they engage individuals and local institutions; they use asset-light, no-frills setups; and they continue to focus on prototyping and process-based innovations.

To scale their influence and outreach, social entrepreneurs must choose between the "S-curve" development model and the "vertical growth model." Before striving for extreme market development and expansion, the "S-curve" growth plan focuses on market building and attaining self-sustainability in a few locations. Furthermore, depending on the mission type, the scalability method may entail expanding the existing variety of offerings in existing places to reach the extremely poor or targeting new locations.

## **VI. FUTURE OF SOCIAL ENTREPRENEURSHIP**

Societal problems plague the globe, and a developing country like India (Ghatak, Chatterjee, & Bhowmick, 2020) is no exception. A social entrepreneur might work to correct inequities in such availability, as well as the underlying causes of social problems and the social shame associated with lower castes and poverty. A social entrepreneur's primary purpose is not to make a profit but to make widespread benefits to society.

India faces a slew of social issues, including severe income disparity, gender inequity, a shaky legal system, inadequate infrastructure, resource shortages, and societal rejection of those with disabilities.

Over 800 million people (Lateh, 2018) live in poverty in India, with a major number of them living in rural areas. The absence of availability of productive opportunities, assets, and financial resources is the primary cause of poverty among India's rural population. Poor rural populations often have high levels of illiteracy, poor health care, and restricted access to world-class education and financial services.

Another major societal problem in India (Gupta, Chauhan, Paul, & Jaiswal, 2020) is a lack of excellent education. According to UNESCO research, almost 1 lakh schools in India have only one teacher, which is an urgent wake-up call for the government and all stakeholders. Only 27 Indians aged 18 to 23 years pursue higher education for every 100.

Our GDP might easily increase by millions of dollars if we merely enrolled 1% more girls in high education. All of the concerns mentioned above create opportunities for social entrepreneurs.

As Indian cultures seek more inventive, cost-effective, and long-term solutions to social issues, "social ventures" - often led by motivated persons identified as "social entrepreneurs" - have gotten a lot of attention. These individuals mix social ideals with a corporate approach to solve mostly unmet needs in their communities.

Education, general development, health care, disabilities, and human rights are all global sectors with social entrepreneurial prospects. Many social entrepreneurs work in some of the following industries in India:

- Cardiovascular diseases treatments
- Training employed people with disabilities
- Shelter and food
- Development studies, etc.

## **VII. CONCLUSION**

The social entrepreneurship business concept was born out of a desire to give back to society and to promote social change on a larger scale than an NGO. The government's interest in fostering social entrepreneurship through funding,

help, and licensing is causing it to acquire traction in India. CSR has also bolstered the commercial sector's social entrepreneurship business model with finance and action groups.

A social entrepreneur solves societal problems and takes the risk and work required to achieve constructive changes in society. Yet, this business model is still in its early years in India. Furthermore, social entrepreneurs identify inefficient parts, develop remedies, raise awareness of the solution, and persuade people to join the change.

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