

Social Entrepreneurship



The Perspective

India is a complex market and just money is not enough to navigate it. India has a strong impact investor base and in case you want to operate in this country, you would need to have money that is capable to help you navigate contextual challenges. There are trusted forums, investor councils and a strong network of stakeholders involved in the ecosystem

There is an important difference, however, between corporations that donate to charity or give back to their communities, and businesses that have made social responsibility their mission and guiding light. Businesses that fall into this category practice what is known as social entrepreneurship, and they are becoming more profitable and popular than ever before. While traditional businesses might measure success in terms of market share or year-over-year revenue growth, social entrepreneurs are more likely to focus on metrics like jobs created, trees planted, or donations made to a charitable arm that solves the problem they've invested in. A social entrepreneur, then, is someone who starts and builds a business that prioritizes the greater good. That is not to say that social entrepreneurs don't care about profits, because of course they do, but they care just as much about pursuing solutions that solve social and community problems and effect positive change.

What is social entrepreneurship?

Social entrepreneurship — born out of the cooperative movement that began in nineteenth-century Europe — gained traction in the 1980s and 1990s with the emergence of the social innovation and social enterprise schools of thought and practice. However, the principles of social entrepreneurship have guided the actions of philanthropists, including those who are now called venture philanthropists, for centuries. The rise of social entrepreneurship should be examined within the context of the broader paradigm shift in business and employment. An important aspect of this change relates to the growing importance of both internal and external social capital for enterprises in general.

Social capital can be viewed as “the links, shared values and understandings in society that enable individuals and groups to trust each other and so work together.

Social entrepreneurs blend business with purpose. Their mission? To tackle pressing issues like poverty, education gaps, health care disparities, and environmental challenges — all while running a successful business. These innovators see problems as opportunities, using creative solutions to drive real, lasting impact. A social entrepreneur is a business leader who sees opportunity in solving some of society's biggest challenges. Whether it's protecting the environment, uplifting underserved communities, or launching philanthropic endeavours, these change makers are proving that success isn't just measured in revenue, but in real-world impact. Social entrepreneurship is a new, innovative business venture that influences change. Social entrepreneurs have a specific cause they care about, and they develop a business model around making a positive impact. The main goal is to create lasting social change through business. Social entrepreneurship can operate as a non-profit, for-profit, or hybrid business, depending on your preferred business model and the funding availability.

Some key areas of interest for social entrepreneurs include:

- Economic development
- Education
- Gender equality
- Healthcare
- Agriculture
- Environmental sustainability
- Renewable energy
- Community development



Entrepreneurship vs. social entrepreneurship

Social enterprises, blend profit with purpose. They run businesses that solve social or environmental problems while generating revenue. Unlike non-profits, they are not necessarily dependent on donations, and they can generate a profit from the goods or services they sell.

Like entrepreneurs, social entrepreneurs aim to create a sustainable business that lasts. However, while an entrepreneur aims to maximise profits, a social entrepreneur's primary concern is impact. Most other differences between the two types of entrepreneurship derive from that focal point.

	Entrepreneur	Social entrepreneur
Objective	Build a sustainable business	Build a sustainable and socially impactful business
Motive	Financially driven	Mission-driven
Focus	Individual consumers	Social groups
Link to social issues	Indirect	Direct
Competition/collaboration	Competitive with related businesses	Collaborative with related businesses
Success	Based on sustainable profits	Based on sustainable social impact

What are the different types of social entrepreneurship

Just as there are near-infinite expressions of entrepreneurship, there are countless forms social entrepreneurship can take. You could start a non-profit that provides funding for underserved entrepreneurs. Or you could launch a for-profit business that manufactures eco-friendly products. No matter what type of social entrepreneurship you choose, you'll need to be passionate about your cause and have a strong commitment to making a difference. With hard work and dedication, you can make a real impact on the world.

The different models you can adopt as a social entrepreneur include:

- **Non-profit:** A tax-exempt, non-business entity that invests excess funds back into the mission.
- **Co-operative:** A business organized by and for its members. Credit unions and community grocery stores are some examples of co-ops.
- **Social purpose business:** These businesses start on the foundation of addressing a social mission.
- **Social firm:** Social firms employ those in the community who need jobs, such as at-risk youth.
- **Socially responsible business:** These companies support social missions as a part of their day-to-day business operations.
- **For-profit:** Perhaps the vaguest category, these businesses are profit-first but donate funds, raise awareness, or otherwise support causes.

Starting a social enterprise

Starting a social enterprise means building a business that prioritizes impact as much as profit. Here are the key steps to get started:

- **Identify a social problem:** Determine the issue your business will address—whether it's poverty, education, sustainability, or another cause—ensuring it's something you're passionate about solving.



- **Develop a business model with impact:** Unlike traditional businesses, social enterprises integrate profit with purpose. Decide whether you'll operate as a non-profit, for-profit, or hybrid model while ensuring your revenue stream supports long-term change.
- **Create a sustainable business plan:** Outline your mission, financial strategy, and operational structure. Ensure your plan includes how your business will maintain its social impact while remaining financially viable.
- **Secure funding and resources:** Social enterprises often rely on impact investors, grants, crowd funding, or earned revenue. Research funding opportunities that align with your mission.
- **Measure and communicate impact:** Transparency is key. Track and share your social and environmental impact to build credibility and attract loyal customers, investors, and partners.

Do social entrepreneurs make money?

Social entrepreneurs do indeed make money. While most social entrepreneurs start out with modest goals to prioritize their mission first, many are eventually able to achieve financial success similar to traditional entrepreneurs. Even founders of non-profit organizations can eventually pay themselves a salary with certain limitations. The pursuit of profit and purpose are not mutually exclusive in business.

Create positive change through social entrepreneurship

Our connected world has brought about a new era of awareness, where we can find problems to solve and lives to improve across the street or across the world if we choose.

People from all over are deciding to make change in whatever way they can, whether it's by being more conscious of what they buy as consumers or building an engine for social and environmental good by becoming entrepreneurs.

The overall goal of social entrepreneurship is to facilitate sustainable development. Whether the company's focus is on improving access to employment of disenfranchised individuals or reducing their carbon footprint, the focus on improved social outcomes targets sustainable development for communities.



A lot of companies are already doing this and are actually working toward certain sustainable development goals without even realizing it. There are companies that are making decisions to reduce their environmental impact and others working along the lines of poverty reduction because they feel it's the right thing to do.

Social entrepreneurship examples in India

Social entrepreneurship in India tackles issues from poverty to education with innovative models:

Education & Livelihoods

- **Akanksha Foundation/Teach for India (Shaheen Mistri):** Providing quality education and skills training to children from low-income backgrounds.
- **Pratham Education Foundation (Madhav Chavan):** Delivering quality education to underprivileged children across India.
- **LabourNet Services (Gayathri Vasudevan):** Training and supporting informal sector workers for better employment.
- **Resham Sutra:** Empowering rural silk artisans with solar-powered machines to increase income and improve working conditions.

Health & Wellness

- **Arvind Eye Care System:** Offering high-quality, affordable eye care, restoring vision for millions.
- **Jaipur Foot:** Providing affordable prosthetic limbs to persons with disabilities.

Sustainable Energy & Environment

- **SELCO India (Harish Hande):** Delivering sustainable energy solutions (like solar) to the poor for improved quality of life.
- **Frontier Markets (Ajaita Shah):** Using women entrepreneurs to distribute clean energy products in rural households.
- **Pollinate Group:** Empowering women entrepreneurs to distribute clean energy in underserved areas.

Women's Empowerment & Micro-enterprise

- **Shri Mahila Griha Udyog Lijjat Papad:** A women's cooperative that revolutionized the papad industry, creating economic independence.
- **I was a Sari (Stefano Funari):** Transforming recycled saris into high-end fashion, empowering underprivileged women.
- **Mann Deshi Foundation:** Providing financial services and entrepreneurship support to rural women.

Finance & Community

- **SKS Microfinance:** Providing microfinance to underserved communities (early success, later faced challenges).
- **Rang De:** Peer-to-peer lending platform for low-cost loans to underserved communities.
- **AMUL Dairy Cooperative:** A classic example of a cooperative lifting dairy farmers out of poverty.

Conclusions

Social entrepreneurship must be seen as one of a wide range of development strategies, and it comes with a number of caveats. Indeed, successful entrepreneurship is rare, with the vast majority of entrepreneurs failing to provide the major innovations or creative destruction that can drive economic growth. It follows that promoting social entrepreneurship, and especially youth social entrepreneurship, is not a simple endeavour. With the appropriate support, social entrepreneurship may be a viable option for many youth, but it is not a panacea for the development and employment challenges young people face. It is especially important that the State and other relevant actors be prepared to provide long-term support, as potential entrepreneurs — particularly young people — need time to learn and build the necessary skills and experience to sustain successful social enterprises.



CMA (Dr.) S K Gupta

Chief Executive Officer
ICMAI Social Auditors Organization