

## Social Entrepreneurship: A Catalyst for Sustainable Development

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### Abstract

*The social environment is central not only to the growth of a stable and resilient economy but also to its long-term sustainability. In recent years, social entrepreneurship has steadily emerged as a significant topic of discussion in academic circles, policy platforms and professional forums across the world. It serves as a catalyst for constructive social change and helps address persistent societal challenges. While traditional entrepreneurship focuses on market gains, social entrepreneurship places emphasis on resolving social concerns and fostering systemic transformation. This paper explores the concept of social entrepreneurship, the importance of social innovation in driving social transformation, and the contribution of social entrepreneurial initiatives to sustainable development.*

**Keywords:** social environment, social entrepreneurship etc.

### Introduction:

The well-being of global populations is under unprecedented pressure. Regardless of how advanced a nation is, societies face a continuous stream of challenges – climate instability, recurrent natural disasters, population-driven resource scarcity, infrastructural shortcomings, and environmental degradation. These issues call for effective collective strategies that extend beyond national boundaries. Sustainable development cannot be anchored in the prosperity of a single country; it requires global collaboration.

Social entrepreneurship has gained prominence as an innovative approach to responding to these complex challenges. Social entrepreneurs use creativity and business acumen to develop products, services and systems that address pressing social needs. Unlike conventional businesses, their primary motivation is not personal or corporate gain but the enhancement of societal welfare.

Governments and NGOs across the world have incorporated social innovation into their development agendas. However, given the magnitude of contemporary social issues, state

and voluntary initiatives alone are not sufficient. A structured, enterprise-driven, socially committed approach is necessary to complement public efforts and build sustainable solutions.

### **Entrepreneurship: Concept and Definition**

Although entrepreneurial activity has existed for centuries, the term “entrepreneur” originated from the 13th-century French word *entreprendre*, meaning “to undertake.” By the 16th century, it referred to individuals initiating business ventures. Richard Cantillon, an Irish-French economist, was among the first to define the entrepreneur as a decision-maker who navigates uncertainty to generate profit.

In the early 19th century, Jean-Baptiste Say expanded the idea by positioning entrepreneurs as agents who reorganize resources to create greater productivity. English economists, on the other hand, viewed entrepreneurs primarily as providers of financial capital. Adam Smith characterized them as intermediaries who convert demand into supply, while Jeremy Bentham described them as drivers of economic progress. German scholars such as Thünen and Mangoldt emphasized risk-taking and the distinction between capital providers and entrepreneurs.

Joseph Schumpeter’s contribution in the 20th century was transformative. He argued that entrepreneurs are innovators who bring about “creative destruction” by combining existing ideas in novel ways to disrupt markets and create new opportunities.

By the early 21st century, the scope of entrepreneurship expanded to include socially conscious ventures. Peter Drucker predicted this shift, highlighting that entrepreneurship and innovation would become forces not only in the economy but also in social change. Modern entrepreneurship is therefore a collaborative, innovation-oriented process that extends beyond profit-making enterprise

### **Social Entrepreneurship**

The concept of “social entrepreneurship” is not a novel idea, as its usage can be found in ancient history but in the 2000s, it has become more popular among society and academic research, notably after the publication of “The Rise of the Social Entrepreneur” by Charles Leadbeater. There has been no firm consensus on the definition of social entrepreneurship, as so many different fields, disciplines and organization types are associated with it, ranging from for-profit businesses to hybrid models combining charitable work with business

activities, to non-profit charities, voluntary sector organizations and non-governmental organizations. Philanthropists, social activists, environmentalists and other socially-oriented practitioners are often referred to as social entrepreneurs.

Social entrepreneurship is all about identifying and defining societal problems, adopting entrepreneurial theories and principles in addressing them through social ventures and bringing about a change in the society at large. "Social entrepreneurship describes the efforts of highly motivated individuals and organizations to solve economic and social problems for the benefit of society in general through the use of business methods and innovative strategies" (Jackson & Harrison, 2011).

"Social entrepreneurship is a new business model that combines a social goal with a business mentality and is heralded as an important new way to create social value such as sustainability". (Witkamp, Royakkers, & Raven, 2011).

Social entrepreneurs are intended to drive societal transformations and such entrepreneurs concurrently act to address particular cases of social issues and problems and empower transformational progress throughout the system.

### **Business (Corporate) Entrepreneurs and Social Entrepreneurs**

Social entrepreneurship and business entrepreneurship are types of entrepreneurship with clear-cut distinctions. Business entrepreneur aims to create a product, service or process for which a consumer will pay and success is measured in terms of profit and return on investment. Social entrepreneur aims to create a product, service or process from which society will benefit and success is measured in terms of social changes or transformations brought about by their initiatives. For social entrepreneurs, profits are a facilitator but not the primary purpose of the organization.

*So is corporate social responsibility synonymous with social entrepreneurship?*

Social entrepreneurship emphasizes on generating and maximizing positive social returns whereas corporate social responsibility tends to occur only when healthy profits have been made by the businesses and mostly is a consequence of mandatory requirement.

For-profit entrepreneurs typically measure performance using business metrics like profit, revenues and stock prices, but social entrepreneurs are either non-profits or blend for-profit goals with generating a positive "return to society" and therefore must use different metrics. Social entrepreneurship typically attempts to further broad social, cultural,

and environmental goals often associated with the voluntary sector in areas such as poverty alleviation, health care and community development

Entrepreneurs whether social or corporate, mainly focus on creating profits whether for the organization or social well-being. The foremost responsibility is to benefit the people either inside or outside the organization.

### **Principles of Social Entrepreneurship**

Prof. Muhammad Yunus and Hans Reitz co-founders of the Grameen Creative Lab propounded Seven Principles of Social Business.

1. The first principle states that the objective for a social business will be to deal with social problems like poverty, education, nutrition, healthcare, environment and enabling technology access for the downtrodden and not just wealth maximization. It defines the purpose of existence of a social business.
2. Financial and economic sustainability of the social business is the second principle. Any social business is not allowed to take funds from outside like grants or NGO. Those who run the business are supposed to invest.
3. The third principle governs the return on investment. Investors in a social business are not allowed to take money beyond their investment. No dividend is given on the investment.
4. The fourth principle states that the amount earned over and above the investment is supposed to be reinvested back in for scaling the business and for improvement. Expansion here is aimed at reaching out to more number of people or to improvise the quality of services.
5. Environment consciousness is the tenant of the fifth principle. Social businesses are supposed to be responsible for the wellbeing of the environment. They are to play a major role in betterment of the environment either directly or indirectly.
6. According to the sixth principle, those working with the business as its employees will get a fair compensation, which is in accordance with the industry benchmark. In addition the workforce will get better working conditions.

7. Business will run in an environment of joy and not stress states the seventh principle. Since social business is not with the objective of profit maximization, only those who have a passion for contributing to the society and the environment will be involved.

### **Social Challenges and Social Innovation:**

Societal problems in the 21<sup>st</sup> century are multifarious such as poverty, little or no access to formal education and health care, mass urbanization, aging population, incidences of chronic incurable diseases, social and financial exclusion, erosion of social security, high rates of unemployment, environmental challenges, food crises, shortage of potable water to mention a few. The pressure of transforming societies has never been felt more important than now due to irreversible impacts of environmental phenomena which if not addressed would be catastrophic to the very existence of mankind. Hence the need for social innovations arises.

Social entrepreneurs through various social initiatives act as agents of change. They go beyond NGOs and social workers who most of the times merely respond to social problems by addressing its consequences but social entrepreneurs tackle the root causes of social problems thereby eradicating them. This leads to sustainable improvements.

The idea of social innovation is discussed more often now in the context of social entrepreneurship but it is not a recent one. Benjamin Franklin made references of it in his writings, as 'small modifications that may be brought about in the social structure to solve everyday problems.'

Social innovations are new strategies, concepts, ideas and organizations that aim to meet societal needs resulting from working conditions, education, environment, community development and health through innovative solutions ; thereby infusing dynamism into an economy. These ideas are created with the goal of strengthening the community and enhancing the quality of life by mitigating social problems. The combined efforts of social entrepreneurs and government enhance the standards of economy, society and the environment through various social initiatives. Social entrepreneurs help mitigate social problems through social innovations.

### **Few examples of Social Innovations:**

Acharya Vinoba Bhave between 1951 and 1967 undertook a 25,000 mile long padayatra, to persuade landowners across India to voluntarily donate a portion of their land to the

landless. The movement called *Bhoodan* was a major social innovation for more equitable distribution of land.

Another inspiring example of social innovation is the Grameen Bank founded by Nobel Peace Prize winner Professor Muhammad Yunus. Grameen Bank is a microfinance and community development bank that gives small loans (microcredit) to the poor to operate their small business without requiring collateral, while regular banks are hesitant to lend money to anyone who is unable to show any form of security.

Harish Hande, the co-founder of SELCO, a social enterprise and the recipient of the prestigious “Ramon Magsaysay Award” in 2011, has been working ardently with the objective of putting the solar power technology within the reach of the poor. Resolving to solve energy insufficiency problems in rural India, SELCO is dedicated towards providing sustainable energy services to the poor thereby contributing to poverty eradication.

Dr. Devi Shetty, founder of Narayana Hrudayalaya pioneered inexpensive cardiac surgeries by creatively and efficiently driving down costs, thereby putting life-saving surgeries within the means of thousands of poor Indians.

Datahalli is an all-woman BPO started by the JSW Foundation in Vijayanagar, Karnataka to create employment opportunities for rural girls, most of whom are only high school pass outs.

The project has benefited over 500 women helping the rural women gain dignity and respect and in many instances have become the family's bread earner. The women are trained on given basic computer skills, data entry and processing jobs.

NIIT's Hole in the Wall is a unique concept where NIIT professors run a programme for underprivileged children. The founders of this project Rajendra Pawar and his associate installed computers loaded with educational games in some walls near poor localities where children reach out to try their hand at the computers. They teach each other and learn in the process. This initiative is popular in Delhi. The reaction and progress of these children are recorded by small cameras installed near these computers. This initiative inspired the book 'Q & A' which inspired the film *Slumdog Millionaire*.

### **Social Entrepreneurship for Sustainable Development**

Social entrepreneurship plays a pivotal role in sustainable development, which aims to meet present needs without compromising the ability of future generations to meet their own.

Sustainable development rests on three interconnected pillars—economic, environmental and social.

- **Environmental sustainability** ensures responsible resource use, biodiversity protection and renewable energy adoption.
- **Economic sustainability** promotes livelihoods, income generation, and innovation-driven growth.
- **Social sustainability** focuses on ensuring basic human needs—food, shelter, education, healthcare, equity and security.

Social entrepreneurship integrates all three pillars by generating innovative solutions that empower communities, improve living conditions and protect natural resources.

To achieve sustainable development goals, communities must actively engage youth, industries, and start-ups in developing solutions for clean energy, waste management, sustainable agriculture, water conservation and more.

### **Conclusion:**

Social entrepreneurship provides a promising pathway to resolving deep-rooted social problems through creative and sustainable innovations. As discussions on sustainable development intensify globally, the urgency for long-lasting, impactful solutions becomes clearer. For social entrepreneurship to be truly effective, its initiatives must ensure environmental responsibility, economic viability and social inclusiveness. Only when these pillars are balanced can social change become enduring and transformative.

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