Social Entrepreneurship And The Role Of CBOs And NGOs

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Abstract

Social entrepreneurship potentials of community-based organizations (CBOs) linked to nongovernmental organizations (NGOs) in the implementation of development programs the conceptual framework of the study draws on the existing literature on social entrepreneurship. The research findings reveal that NGO-CBO PARTNERSHIP help to transform CBOs into social enterprises by creating revenue generation streams. Social entrepreneur may seek to produce environmentally-friendly products, serve an understand community or focus on philanthropic activities.

Introduction

Social entrepreneurship is a relatively new term, but the underlying concept can be traced back much earlier. Before the term social entrepreneurship was coined, there were already many entrepreneurs who worked children’s rights, women’s empowerment, socio-economic development, environment issues and more. Two noteworthy entrepreneurs who established social ventures as early as the 19TH century are Robert Owen (1771-1858), the founder of the co-operative movement, and Florence Nightingale (1820-1910), who found the first nursing school and developed various nursing practices.
The term ‘social entrepreneurship’ has been tossed around since the 1960s, but it has gained its place in the spotlight thanks to 2006 Noble prize winner Muhammad Yunus. In 1976, Yunus founded the Grameen bank, an institution in Bangladesh that provides microcredit loans to low-income earners to encourage economic growth at the gross root levels and foster financial self-sufficiency. Yunus’s Noble prize-winning enterprise has proven to be hugely successful and helped greatly in bringing social venture to the fore.

Nowadays, the concept of social entrepreneurship is widely used and supported. Organizations such as the Skoll foundation, the Schwab foundation, Ashoka: Innovators for the public, Echoing green and Omidyar network were established to enhance and encourage social entrepreneurship. These organizations identify, highlight, and financially support social enterprises all over the world, creating networks in which social entrepreneurs can exchange insights, strategies, form partnerships and learn how to improve their ventures.

Social entrepreneurship is a global affair. With 260 social entrepreneurs in its community, the Schwab Foundation, which is under legal supervision of the Swiss government, has representatives all around the globe. The nearly 3000 Ashoka fellows work in over 70 countries in every area of human need. The US-based Skoll foundation has invested approximately 400 million USD in social entrepreneurship on all five continents. eBay founder Pierre Omidyar’s Omidyar network has offices in Silicon valley, Mumbai, London, Johannesburg, Washington DC and there are many more similar organizations that support social entrepreneurship worldwide.

The process of social entrepreneurship

The social entrepreneurship has a beginning like any other enterprises. It starts with the idea generation of the entrepreneur or group of entrepreneurs. Once the social enterprise is launched, monitor its growth. A key challenge for social entrepreneurs is to resist the powerful demand—pull for growth and to be more deliberate about planning a long-term impact strategy. Thus, social entrepreneurship development is an equally responsible task like commercial enterprise development. The difference is only in the output and outcome. Be attentive in developing various sectors such as economic, marketing, employment, and environment. Social enterprise impact is predicated on the organization’s mission, the social objectives intends to achieve, and what impacts can be measured. Social enterprises, like all social programs, have direct as well as indirect impacts. It is measured based on indicators corresponding to each impact. For example, the impact is livable wages earned by low-income workers and corresponding indicators is amount of wages (proxy—minimum wage/inflation/cost of living). In the entire process sustainability of the programme need special attention both economic and social.

This supports a more sustainable economy, stronger civil society and improves over all social well-being.

Methodology of social enterprise

Social enterprises methodology centers on achieving social impact through socio-economic value creation. It means the social enterprise incorporates commercial forms of income generation in to non-profit organizations as a means to accomplish mission (social value) and financial sustainability (economic value). How ever lies in specifies of its dual objectives—depth and breadth of social impact to do earned as well as its capacity to
deliver on both accounts. Mission drives social value creation, which is delivered through financial models-business or income generation. The non-profit organizations must build organizational capacity, in order that both can be managed effectively. The organization must integrate business tools and practice to strengthen effectiveness and performance. In doing so, the traditional non-profit undergoes a culture transformation and emerges as a more entrepreneurial, market-driven "business like" organization.

Another lens through which we can view social enterprise is a group of four linked aspects of successful value creation:

1. Problem strategy for affecting social impact and mission accomplishment (social value creation)
2. Financial strategy for generating income through commercial activities as a means to achieve sustainability
3. Capacity building strategy, for strengthening organizational capacity, performance and efficiency
4. Cultural strategy to transform organizational culture into being more entrepreneurial, innovative, and market-driven

**Perspective for studying social entrepreneurship**

A recent report, published by Global Entrepreneurship Monitor (GEM), shows as the prevalence of social entrepreneurial activity around the globe. GEM utilized two definitions for its research. The broad definition covers any kind of activity, organization, or initiative that has a particular social, environmental, or community objective. The narrow definition focuses specifically on organizations that are driven by social impact for their society and the environment rather than potential financial impact for the organization, and are market-rather than non-market based.

Using the broad definition, 3.2 percent of the adult population (18-64 years old) across 58 GEM economies is engaged in a social venture that’s in the start-up phase, with the highest rates of activity in Peru, Hungary and Burkina Faso. The average rate of post-start-up, operating social enterprises is 3.7 percent of the adult population, ranging from 0.4 percent in Iran to 14.0 percent in Senegal.

Using the narrow definition, which arguably fits the concept of social entrepreneurship better, sees 11 percent of the adult population across 31 GEM countries active in start-up social entrepreneurship and 1.2 percent working in operational entities. Countries such as the Philippines, Australia, Colombia, Chile, Luxembourg and Israel score the highest in this regard. Social entrepreneurs are individuals with innovative solutions to society’s most pressing, social, cultural, and environmental challenges.

Social entrepreneurship is growing trend, alongside socially responsible investing and environmental, social and governance (ESG) investing.

The wealth of nations, the economist Adam Smith explained, is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own self-interest. Smith believes that when individuals pursued their own best interests, they would be guided towards decisions that benefit others.
the baker, for ex wants to earn a living to support his family. to accomplish this, they produce a product – bread – which feeds and nourishes hundreds of people.

One example of social entrepreneurship is microfinance institutions, these institutions provide banking services to unemployed or low-income individuals or groups who otherwise would have no other access to financial services.

How social entrepreneurs create a market that changes the world (2008) John Elkington and Pamela Hartigan distinguish three types of social entrepreneurs.

Leveraged non-profit ventures: the entrepreneur engages across the section of society, including private and public organizations, to realize particular social innovation. Leveraged non-profit ventures depend on outside philanthropic funding, but since their partners have a vested interest in their continuation, longer-term sustainability is often enhanced.

Hybrid non-profit ventures: a non-profit type organization as well, but this model includes some cost-recovery by means of selling goods and services to be able to sustain their activities, entrepreneur must mobilize other sources of funding besides public or philanthropic sectors. Grants or loans offer a solution to money shortages; these loans, however, need to be paid back at a certain point.

Social business ventures: social business ventures are for-profit entities that provide a social or ecological product or service although financial profits are an underlying goal here, accumulating wealth is not the main objective. The focus of the entrepreneur is to grow as a social venture in order to reach more people in need and positively impact one or multiple sectors of society. Hence, a great deal of the profits is reinvested in the enterprise to fund expansion; the entrepreneur of this type of venture seeks investors who are interested in combining financial and social return on their investment.

Partnership between non-governmental organizations (NGOs) and community-based organizations (CBOs) have become a significant force in efforts to address social issues through collective means.

1) In facing the challenges of attaining sustainability and other social objectives, NGOs are increasingly adopting an entrepreneurial approach; the most significant approach that emerged in recent decades is the ‘social entrepreneurship’ model in which small enterprises are established to provide goods and services directly tailored to local needs and sustainability goals.

2) Such affiliated CBOS play important development roles in the rural and low-income areas of poorer-income countries, where the government is unable or unwilling to provide necessary social services.

NGOs have been the basis of study of social entrepreneurship. According to Dart, ‘social enterprise’ can be viewed as an asset of strategic responses to a variety of environmental and social challenges that NGOs typically address.
address. These responses lead NGOs to develop strategic partnership with institutions based at the local community level.

Both NGOs and CBOS perform different functions within a partnership. NGOs are well-placed to explore opportunities and identify key resources as well as to provide services such as start-up funds, institution building, business networking and marketing, innovation and knowledge transfer, technical training, research, legal support, infrastructure, and community health and social services that CBOS need to become self-sufficient. In the partnership process, CBOS place their organizational capacity, bring local perspective, and use social capital to carry out the partnership goals and NGO-developed developmental responsibilities.

Social innovation refers to traditional innovation in terms of ‘value creation’; it entails new strategies, concepts, ideas, and organizations that meet social needs of all kinds—from working condition and education to community development and health—and that extend and strengthen civil society.

**Micro credits flagship in social entrepreneurship**

The idea behind Rang De emerged in 2006, the same year when Muhammad Yunus won the Nobel Peace Prize for his work in the field of microcredit. We felt that credit could be a powerful tool to help people fight poverty in India. As we explored the idea, we realized that there was already a lot of microfinance in the country. However, we stumbled upon an article that spoke about borrowers of a microfinance institution having ended their lives because they were unable to repay their loans. Rang De is a not-for-profit online organization in India that lends small loans to individuals planning to start a new or grow their existing business. It is a successful attempt to bring together the two parts of India—one of which is successfully progressing while one is left out due to the shortage of resources.

Founded in the year 2006 by Ramakrishna NK and Smitha Ram, Rang De, today is major online platform in the country.

Crowd funding, it raising for a cause or project from a large number of people, who contribute small amounts usually via the internet. It is mostly seen as an act of charity.

Rang De enables social investing through our peer to peer social investment platform, the social investor is investing in the sustainable growth of an individual. This is no charity; the invested money comes back to the social investor, and the process is clear and transparent.

Microfinance in institutional financing for the poor. In the microfinance model, a borrower needs to become a part of a group's lending cycle.

Other P2P platforms in the P2P lending landscape today in India, most platforms are catering to the non-priority sector. The majority of them promise a higher return for the investment made quite contrary to the purpose of social investment. The existing platforms are expensive for both borrowers and lenders.

Rang De makes credit affordable and accessible. We work solely with the priority sector. Our single-minded focus is to make credit affordable and accessible to the millions, who are excluded to take a holistic approach and work with our partners to deliver entrepreneurship and financial literacy content on the ground. Rang De.org has performed with a number of microfinance institutions (MFI) & NGOs to identify and screen borrowers. At the gross root level, these field partners prepare and post the profiles of prospective borrowers on the website. These profiles are available on the site and a lender may allot either part or the entire loan amount to the
borrowers of one’s choice. Once the loan amount is raised, the involved MFI receives the money and disburses it to the borrowers the investor can keep a track of the progress made by the borrower online.

Rang De was launched as a platform in 2008 with the mission of providing access to low cost and affordable credit. We soon realized that, while cost of credit was an important aspect, the entire serve design of delivery had to be revisited if it had to enable communities to take charge of their lives towards this aim. We designed several initiatives— including swabhimaan - a state of the art digital financial literacy platform and habba – an artisan centric fair market place designed to enhance their incomes.

The current state of the credit system for millions of unbanked and semi-banked individuals across the world is predominantly informal. Where formal credit has been extended, it has been marked by complete lack by agency. Lack of access to information and more importantly a lack of financial literacy and awareness have prevented individuals and communities from taking control over their lives.

Rang De’s flagship project swabhimaan, has been built to address this issue of lack of Agency by empowering them to make active informed decisions when it comes to financial management and loan decision making.

**DISCUSSIONS: SOCIAL ENTREPRENEURSHIPS**

CBOs working in concert with NGOs for natural resource management is a relatively new practice in the fields of community-level development efforts. Social missions concern the community or collective interests of the members where as the economic mission deals with the economic needs of the organization members and revenue generation for the organization ‘s sustenance. There are embedded ecological missions within the economic and social ones. Which have hardly been streamlined towards revenue generation by developmental mechanism. It is the NGO - CBO partnership that leveraged those ecological missions of CBOs.

The leveraged missions became goals more specifically entrepreneurial goals, of CBOs that helped, them generated revenue and thereby turned them in to entrepreneurial entities. In all the studies cases, it was apparent that CBOs exhibited natural social entrepreneur ships potential. With exploitation of that potential, the partner helped to reinforce the capacities of CBOs for self-sufficiency. The NGO helped CBOs to access a range of services, such as endowment credit fund facilities for venture start-up, technical training on capacity building and skills development, innovation and knowledge transfer, and networking and cooperation.

**Conclusion**

Social entrepreneurship is a solution that is rising popularity as the movement towards sustainability becomes more mainstream. It begins with identifying a social problem in a community, or the world at large, and setting out to solve it by innovating products, providing employment or education, disrupting an industry, or taking a new approach to failing methodologies.

Social entrepreneurs make a valuable contribution to society because they fill a gap in satisfying social needs. They help create evaluation in industry through a values-driven approach that looks like:

**Collaboration over competition**

Purpose over profit
Well-being over destruction

They disrupt the status quo and combine human ingenuity, technology and business principle to uplift humanity. Social entrepreneurs ignite social innovation, which is hugely beneficial to the development of industry, systems and policy.

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