

**SOCIAL ENTREPRENEURSHIP AND SOCIAL SUSTAINABILITY:  
AN ANALYTICAL STUDY**

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**ABSTRACT**

The legacy of the Rio Conference 1992 on environment development and sustainability has bred mixed results, as the issue has been strongly represented world over but, unfortunately the implementation has been weak. One of the prime factors contributing to this lagged behind pace is its limited reach which is confined only to the Corporate and Government sectors world over. These sectors alone have been entrusted with the Herculean task of sustaining sustainability, and are always at crossroads between striking a balance between profitability and sustainability. The mission is to sustain both nature and society, and this vision shall remain a farfetched dream unless the people from all strata of society are included in it. By empowering society economically and involving them directly in sustainability efforts, we are not only able to face socio-economic challenges but also address greater issues endangering our environment at present. The paper seeks to throw light on how social entrepreneurship amalgamated with sustainability initiatives has brought about concrete results befitting both our society as well as nature. For the purpose of study, a few cases of sustainable social enterprises from India and abroad have been considered.

**Key words:** Sustainability Initiatives, Social Entrepreneur, Economic Empowerment.

**INTRODUCTION:**

Sustainable development refers to the process whereby development is undertaken in such a way that interests of various stakeholders of nature, and diverse social groups including future generations are protected and preserved. It deals with presenting our nature in its present state to our forthcoming generations as a gift at the same time taking care of socio-economic interests of all sections of society.

Sustainability in India and world over is not a new concept, as its roots can be traced back to our historical times when man was directly in touch with nature in all respects be it religious (in the form of worshipping and growing more trees), social (wherein various festivities were

organized at crop harvesting) or economic (as vocations linked directly to nature). With the passage of time growing corporate competitiveness and lust for maximum market share dragged man away from its roots, and the price for such negligence was gross in the form of various natural disasters as tsunami, hurricanes etc.

which had by now become a common phenomenon. The price of this development was earlier paid borne only by nature whereas now man himself is at crossroads as how to reverse the initial trajectory. Lots of conferences, meetings and treaties have been signed all over the world to manage this mayhem, but results are far from those desired. One of the major reasons responsible for slow advancement in this aspect has been the non-involvement of all sections of society especially the rural and the poor who are unable to sustain themselves economically.

The economies world over are realizing that if we are somehow able to revert back to our original commercial path by taking up activities involving manpower rather than machines, our sustainability efforts shall be paced up. Since employment generation globally is limited according to the job requirements, the concept of entrepreneurial development has gained momentum. The focus is on converting “job seekers” to “job creators” so that maximum commercial engagement is achieved. This is all the more important in a developing economy as ours where we need to focus on equitable growth with ecological sustainability. In the recent years there have been innumerable cases where people have come with ideas to tackle ecology and social discrepancies in an economical manner, thereby befitting all. “ToxicsLink” is one such organisation operational in Delhi managed by a professional MBA which serves as a quick link to help governmental agencies in scavenging properly. It maintains a database (which is regularly updated) of dirt and toxic waste polluting agencies which do not follow proper disposal channel and report about them to various NGO’s and concerned Government agencies, and ensure their speedy action. This keeps a vigil on the polluting organisations, protects the under privileged slum clusters from harms due to these perilous wastes and ensures speedy action on part of required government agencies at the same time earn revenue for economic sustenance of their organisation. “ToxicsLink” is a perfect demonstration of social entrepreneurship has been utilised as a tool for preservation of nature. "The most at risk communities are beginning to understand how to protect themselves while making a living," says Ravi (the Man behind Toxics Link) And there are many more as them who

have taken up the cause and are contributing towards ensuring planetary sustenance at individual levels. Social Entrepreneurship and Social

### **SUSTAINABILITY:**

An Analytical Study 963 World Health International (WHI) financed by Acumen Fund in India has been successful in providing holistic sanitation solutions by providing effective UV water treatment mechanisms especially for the under privileged in the country. Working on the motto to provide clean safe drinking water to all it now has more than 300 water treatment plants which draw their resources from local community as water, land and electricity and ensure that none of these get wasted. For setting up the units they take land from locals for about 15 years with the promise of giving it back without any added cost and create ample employment opportunities for the locales of the region.

Dr Harish Handel the man behind power generating firm “SELCO” is another living example of a social entrepreneur who is dedicated towards upliftment of mankind and protection of mother nature through utilisation of solar energy in generation of electric power for the rural sector. It caters to clean energy requirements of a vast population 70% of whom are small and marginal farmers earning a meagre of Rs 100- Rs 200 per day, and has expanded to Gujarat after hitting Karnataka and Kerala. This power generating system has ended the use of dirty and dangerous kerosene lamps and avoided emissions of approximately 24,000 tonnes of CO<sub>2</sub> released by the use of kerosene lamps. Working on similar lines is Azure Power Pvt. Ltd. By Mr. Inderjeet Wadhwa the first social entrepreneur to start a clean power plant in the private sector in Punjab and Mr Gyanesh Pandey of Husk Power System in Bihar. Both of these have been working religiously in generating power for the rural sector using renewable and eco-friendly sources of energy. “Drishtee” is a for profit social enterprise that came in to being in the year 2000 implementing a sustainable, scalable platform of entrepreneurship for enabling the development of rural economy and society with the use of ICT (Information and Communication Technology). This imitative of social entrepreneurs aims to facilitate the public awareness about the required information related to their field of occupation. Through a tiered franchise and partnership model, Drishtee provides access to information and local services to the rural economy. The business model is driven by village entrepreneurs, who own the village node to operate a self- sustaining, profitable kiosk. “Project Shakti” was launched with the initiative of Hindustan Liver Ltd. (HLL)

in the year 2001, in consonance with the purpose of integrating business interests with national interests. The basic objective of Project Shakti is to create income-generating capabilities for underprivileged rural women, by providing a sustainable micro enterprise opportunity, and to improve rural living standards through health and hygiene awareness. Both of these enterprises work towards financial sustainability of the under serviced sections of society by empowering them with resources with which they can earn their livelihood an environment friendly manner. “GOONJ” is an entrepreneurial initiative to empower the impoverished and physically challenged people by providing them opportunities to produce hand made products as bags, folders, registers etc for market but with a vision to preserve the environment. It is heart rending to see the handmade notebooks made out of used papers, bags, wallets and many decorative pieces made of used clothes as used T Dr.Namita Rajput & Ms. Parul Chopra 964 shirts, jeans, kurtas etc. and all that too at an affordable prices. It is a very common sight to see their products at display all around Northern India. Similar is the case of “Manav Srijan NGO” which empowers the singled out females to establish their own micro enterprises using eco-friendly resources. There are numerous such exemplary individuals who have actually thought of liberating themselves economically by preserving products of the nature. And it is through the dedicated efforts of these individuals that our earth can hope of breathing its own fresh air in days to come. A lot has been done to elevate potential entrepreneurs in a sustainable manner by the fellowmen alone, and time has now come that government should also push these miniature links to sustainability to accomplishment of their goals which coincides with broader goal of humanity. The path of development of social entrepreneurs is not free from pot holes as they suffer from serious limitations. The major hindrance in their progress is the lack of government support. The government’s policies and regulations for social entrepreneurs are very complex and strict, with no tax incentives or subsidies being provided for a social business, the combination of which acts as major impediment to the growth of social businesses in India. Another major hindrance in their path is the lack of adequate capital since generally, they run their business with their own funds or by raising funds from the local money lenders at a high rate of interest, which sometimes becomes a financial burden on them.

Hence the social enterprises have to deal with the challenge of facing a hostile reaction from financial institutions and governments as far as funding is concerned. This forces social

entrepreneurs to take, what can be, a more difficult path of approaching venture capitalist and philanthropic organisations which serves detrimental to their existence as they have to adhere to the vision of their financiers. Lack of skilled manpower is the other fundamental problem faced by most of the social enterprises as they have to get competent manpower from a variety of sources; professionals, volunteers, laborers and community participants.

To align the motives of all these groups with the long term growth of the organization is a challenge for the founders. In order for social enterprises to fulfil their mission in a holistic manner they must typically employ manpower from the underprivileged sector of the society, leading to increased training and developmental cost as these people are typically uneducated and unskilled. The organizations have to attempt to fulfil the aspirations of all these divergent groups and still come out with their best.

The basic model of the social entrepreneur working in sustainable development is fairly simple. Assess a problem, understand the environmental, social, and economic dimensions. Figure out the leverage points, then execute like a pit bull being told to eat every T-bone steak in a butcher's shop, that is relentlessly and efficiently. Not quite as easy as it sounds, but no rocket science either. This having been said, there are some at first contradictory characteristic that crosscut leading social entrepreneurial efforts in sustainable development that appear to be distinctive traits. Part of what differentiates the social entrepreneurial project from any garden-variety sustainable development effort is the ability to balance and harness a set of potentially opposed notions to drive better and better results.

#### **SOCIAL ENTREPRENEURSHIP AND SOCIAL SUSTAINABILITY: AN ANALYTICAL STUDY 965:**

- Leading social entrepreneurs have the ability to evaluate the system Dispassionately, but then have the vision to make a passionate bet on a leverage point and a strategy to tip that leverage point.
- Community needs and preferences must fundamentally drive social entrepreneurial efforts. But these efforts must also be pragmatic and opportunistic about external realities.
- A key to long-term sustainability is community control over natural resources. However, a reality faced by many communities is that traditional control and decision making

systems may need to be revived or may be strained when encountering previously non-existent threats. Therefore, intervention is sometimes necessary.

- WHI, SELCO, Drishti, GOONJ and Husk Power Ltd. all implicitly recognize the transitive and fundamentally interconnected relationship between ecology and equity one cannot flourish without the other and development cannot truly be sustainable unless these twin pillars are structurally sound. Equity includes race, class, nationality, and gender and ecology includes everything.
- To sum it up all our social entrepreneurs need to move ahead at this point of time is:
  - Investment
  - Improved Policy Environment
  - Better Information
  - Better Coordination and Collaboration
  - Increased Visibility and Recognition

#### **SUSTAINABLE SOURCING: SETTING THE SCIENCE:**

There is an increasing awareness of, and attention to, sustainability issues in contemporary business. More and more organizations are paying attention to social and environmental issues in their activities as they recognise the need to contribute to the quality of life of future generations. Sustainable sourcing has enormous potential to contribute to the search for better quality of life. In view of the outsourcing tendency of past decades, organizations have become increasingly dependent on external parties for the supply of goods and services needed for their operations. These external parties can make a substantial contribution to the sustainability targets of the sourcing organization.

#### **THE ESSENCE OF SUSTAINABLE SOURCING:**

Sustainable sourcing is not only a case of being, and remaining, profitable, but is a balancing act, termed the Triple-P approach. This approach aims to find the perfect balance between profit, people and planet elements of an organization's activities. Although this seems a logical way of designing and managing businesses, its use is not always as easy as it sounds, as it involves multiple stakeholders with different interests. Moreover, it is important to emphasise that the term sustainability not only refers to environmental issues related to sourcing. The notes below demonstrate that sustainable sourcing also covers a variety of social and ethical themes (Vos et al,

2008). Setting priorities is highly company specific and must align with the strategic goals of the organisation.

### **ETHICAL THEMES**

- Bribery and corruption
- Animal welfare
- Product safety
- Product quality

### **ENVIRONMENTAL THEMES**

- Dangerous material
- Waste processing
- Use of energy
- Use of building materials

### **SOCIAL THEMES**

- Child labour
- Forced labour
- Discrimination
- Working times
- Salary
- Safe workspace work conditions Sustainable sourcing among SME's — 6 Sustainable sourcing among SME's — 7

### **DRIVERS:**

So what drives organizations to highlight sustainable sourcing themes? Carter and Jennings (2004) defined three important drivers: customer demand, (top down) management leadership and support, and employee initiatives (bottom up). In addition, organizations are increasingly aware of the benefits of sustainable sourcing. These potential payoffs range from offering competitive advantage via enhanced cost efficiency and/or creating a unique selling point by offering sustainable products or services. The cases discussed in the following chapters clearly contain elements of this competitive advantage driver.

### **ENABLERS:**

How can organizations make sustainable sourcing happen? In essence there are three

enablers for successful implementation of sustainable sourcing. First, top management support is needed to anchor the sustainable sourcing policy within the company. Second, it is of utmost importance that sourcing organizations start and maintain dialogue with their stakeholders. Supplier relationship management is obviously of vital importance from a sourcing perspective, but dialogues with stakeholders such as and trade unions are also valuable.

Finally, there is a spectrum of instruments to facilitate sustainable sourcing efforts such as training and development, corporate responsibility monitoring and reporting, auditing and sanctioning policies. On the positive side, the diverse and flexible nature of SMEs means that they have the potential to be a springboard for providing sustainable solutions for the marketplace. Moreover, SMEs can benefit from their proximity to customers by displaying the value of sustainable products and services (Kerr, 2006).

These features provide opportunities for SMEs to act as agents of change in sustainable supply chain management. However, in comparison with large companies, SMEs typically lack the resources required to implement sustainability standards in their supply base. Moreover, it is unlikely that SMEs individually have the bargaining power required to sanction suppliers who fail to comply with the standards (Jorgensen and Knudsen, 2006). Leading SMEs will be able to overcome these barriers in order to operate in a sustainable way. Kerr (2006) identified the following SME core competences required to enable sustainable operations:

- Practicing environmental leadership to give direction to the operations
- Goal-setting environmental management systems (EMS)
- Encourage suppliers to comply with EMS
- Collaborating with stakeholders in utilizing environmentally-friendly technologies
- Developing a company culture practicing continuous improvement on sustainability issues
- Utilizing the benefits of forming regional and industry alliances Smart collaboration can be Instrumental in overcoming the barriers of lack of resources and limited bargaining power.

#### **MOMENTUM FOR SUSTAINABLE SOURCING:**

In contemporary, globalised business environments organizations need transparent supply chains to control their processes. In other words, the time is right to focus on sustainability in order to reap the benefits of bringing innovative and creative solutions to the marketplace. By



now there are many examples of organizations that have captured these opportunities by integrating sustainability elements into their supply chains. For example, for a recent booklet of the Royal Tropical Institute describes the experiences of Unifine and Ahold in the sustainable sourcing of agricultural products from African countries.

In the Netherlands, the Dutch government has set ambitious targets in the area of sustainable sourcing for 2010. With an annual sourcing value of over 50 billion euros, these governmental policies will generate enormous momentum, triggering suppliers to incorporate specific sustainability criteria set for their products or services. Moreover, there is growing media attention concerning environmental and social themes.

### **SUSTAINABLE SOURCING IN SMALL AND MEDIUM-SIZED ENTERPRISES:**

The relevance of sustainable sourcing is by no means restricted to large companies, although the vast majority of research in this area has been geared towards those organizations (Walker et al., 2008). Still, there are also opportunities for so-called small and medium-sized enterprises (SMEs), although such companies may face specific issues and challenges.

### **STRUCTURE:**

In the remainder of this booklet we aim to inspire readers with a description of the new experiences of three Dutch SME organizations. It covers the responsible forest management activities of Wijma, a company operating in wood supply chains. The focus is on the efforts of the Fair Wear Foundation to improve labor conditions in global clothing supply chains. The unique way sustainable memorial stones are made by RMP tombstones is described in Chapter. Finally, we summarize the key lessons learned based on the experiences of the SME companies described in this booklet.

### **CONCLUSION:**

The virtuous entrepreneur is a “man of trust and hope”. Trust and hope are anchored in the support of the collaborators, which depends on a relaxed atmosphere and a sense of esteem spread throughout the company. Trust and hope are anchored as well in the appreciation of consumers, the loyalty to suppliers, the trust of financial backers, the acceptance of the local community and the fair play demonstrated by competitors. We can conclude by saying that such entrepreneurs and such companies (like Loccioni Group) are not so rare, but more frequently they are “unknown”.

And it is important to know and evaluate examples which are not “fantastic”, but quite simply “ordinary” in the sense that they are really humane and at the same time capable of expressing transcendental value orientations, shifting from theory to practice. These reflections point out the relevance of values and virtues in the entrepreneurial and business context and help formulate the proposition that transcendental virtues are the “hidden” driving force that lies at the base of CSR and sustainable orientation, particularly in SMEs, due to the relevance attributed to people and relationships.

Therefore, this study tries to enrich the research field focused on SMEs’ business ethics and to open a new research line tied to the relevance of transcendental values and virtues. Hence, the value of the present work is firstly attributable to the attention paid to transcendental virtues and values and their connection to personal, familial and territorial shared values (of ethical, cultural, anthropological nature) typical of SMEs. Secondly, its originality is attributable to the meeting point of the perspective of CSR-oriented strategies in SMEs, ethics in SMEs and leadership studies.

The work has also practical implications. Firstly, suggestions for SME’s leaders derive from the relevance attributed to values and virtues in balancing the many activities with which entrepreneurs are charged daily. The empirical research has helped us confirm that some entrepreneurs are putting a series of values and transcendental virtues into daily practice, into their business reality. Consequently, in their company’s values and virtues count and the shift from the theory of values and virtues to practice of the same is based on a determined commitment and the benefit of transformational leadership (inspirational motivation, idealized influence, individual consideration and intellectual stimulation are manifested (Riggio et al., 2010). Secondly, some implication for regional policies aimed to promote CSR and sustainability in local contexts can be derived, since this work aims to re-evaluate the proactive role of virtuous SMEs in developing their socioeconomic environment.

Finally, the work underlines the need for developing a methodology that allows further empirical research on the relationship between ethical values, humanistic education, family and social structures and the development of a sustainable entrepreneurial spirit and leadership (Röpke, 1960). A possible methodology could be represented by the case-study approach applied to best practices with the scope of valorizing the virtuous behaviors of entrepreneurs and SMEs that lie at

the base of so many local experiences – that often go unnoticed – and of favoring the dialogue among researchers’ businesses, public officials and civil society.

Despite providing some additional contributions to the afore-mentioned emerging lines of study, this study has a number of limitations (some of which could be overcome at later stages of the research). Firstly, we mention that the limitations are mainly related to the fact that the empirical study is qualitative in nature and based on the analysis of an exemplary, single case-study. Thus, the results cannot be generalized and more research is needed in the future. Possible research developments could derive from the analysis of multiple case-studies, both relative to SMEs and larger companies. Moreover, the qualitative study could then be accompanied both by a comparative and a quantitative research aimed at verifying specific hypotheses drawn from the proposition.

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