



Role of Social Entrepreneurship in Rural Development of Odisha

¹Mr. Bharata Bhusan Sahoo, ²Dr. Deba Bijaya Mishra

¹Doctoral Research Scholar, PG. Department of Commerce, Fakir Mohan University, Vyasa Vihar, Balasore, Odisha, 756089, India

²Lecturer & Head, Department of Commerce, Remuna Degree College, Remuna, Balasore, Odisha, 756019, India
Email: ¹bharatabhusan@gmail.com, ²debabijaya@gmail.com

Abstract: *The economic development of our country and state largely depends on the progress of rural areas and the standard of living of rural masses. Village or rural industries play an important role in the national economy, particularly in the rural development. Rural entrepreneurship is based on stimulating local entrepreneurial talent and the subsequent growth of indigenous enterprises. It recognizes opportunity in the rural areas and accelerates a unique blend of resources either inside or outside of agriculture. Rural entrepreneurship brings an economic value to the rural sector by creating new methods of production, new markets, new products and generates employment opportunities thereby ensuring continuous rural development. Social Entrepreneurship has the direct and primary objective of serving the society along with the earning profits. The study has attempted to find out the role of the social entrepreneurship for the economic development of the rural Odisha.*

Key Words: Rural development, Social Entrepreneurship, Entrepreneurs

1. INTRODUCTION:

Social business has its origins in the 18th and 19th centuries when philanthropic business owners and industrialists demonstrated a concern for the welfare of employees by improving their working, education and cultural lives. Since then, social business has been associated with community enterprise and development, education, churches, charities, and so on. Social entrepreneurs in the United States are those who find new and exciting ways to attract contributions and government support to their programs. Social entrepreneurship combines the resourcefulness of Traditional entrepreneurship with a mission to change society (Seelos & Mair, 2004). Thus, the term social entrepreneurship has emerged as a new label for describing the work of community, voluntary and public organizations, as well as private firms working for social welfare rather than for profit objectives (Shaw and Carler, 2010). As such, social entrepreneur is any person, in any sector, who uses earned income strategies to pursue social objectives. Therefore, social entrepreneurs are driven by a double bottom line, a virtual blend of financial and social returns, profitability is still a goal but it is not the only goal, profit are reinvested in the mission rather than being distributed to shareholders (Boschec & McClung, 2003). People in rural areas suffer with unemployment, poor infrastructure facilities which may be solved with the development of the rural entrepreneurs. Rural development in Odisha is based on many factors related to economic, political and legal, social activity. Rural areas have specific economic and social situation. Mostly rural areas in Odisha were based on farming and agriculture. The changing demographic situation of emigrating citizens especially from rural areas, existing non-living areas and buildings call for some specific activities and special attention in rural areas of Odisha. Innovative decisions are needed for solution of these problems. Social businesses became oriented to diversified activity involving all kinds of businesses and entrepreneurship.

2. LITERATURE REVIEW:

Dees, J. G. (1998) in his textbook The Meaning of Social Entrepreneurship described, that the term social entrepreneurship may have different significance for different people but the point of consideration for everyone is its latent to solve social problems. They play the role of change agents in the social sector, by adopting a mission to create and sustain social value. In India, the notion of Social entrepreneurship was coined long ago but got the corporate relevance in just recent past. In the past decade, India has gone through considerable growth in its social enterprise



activity. The quality and number of innovative ideas and business plans have emerged due to growing awareness, quality training and support, and workshops available for social entrepreneurs and leaders of social enterprise.

Thompson J., Alvy G., & Lees A. (2000) in *Social Entrepreneurship: A new look at the people and the potential* have investigated the crucial role of social entrepreneurship in the context of state welfare in the light of case studies. The social enterprise ecosystem has flourished with support organizations providing indirect, direct, financial, and advisory assistance to social enterprises.

Drayton (2002) talked about the mode of evaluating social entrepreneurs. After interviewing social entrepreneurs and collecting data from different stakeholders, they have developed a rigorous set of criteria for evaluating them. These criteria include creativity, entrepreneurial quality, the social impact of the idea, and ethical fiber.

McDonough W. and Braungart M. (2002) in their research paper *Design for the Triple Top Line: New Tools for Sustainable Commerce* said that the triple bottom line has been, and remains, a useful tool for integrating sustainability into the business agenda.

Mair, J., and Marti I., (2006) in their *Social Entrepreneurship Research: A Source of Explanation, Prediction, and Delight* differentiated Social entrepreneurship from other forms of entrepreneurship in the relatively higher priority given to promoting social value and development versus capturing economic value. To stimulate future research the researchers introduce the concept of embeddedness as a nexus between theoretical perspectives for the study of social entrepreneurship.

Shukla M. (2011) has done a survey in his research *Landscape of Social Entrepreneurship in India: An Eclectic Inquiry* by mailing his open-ended questionnaire to 100 persons who represented a cross-section of social entrepreneurs (both for-profit and not-for-profit), academics, support organizations for social entrepreneurship, investors, etc. and proposed a thorough landscape for social entrepreneurship in India.

Intellectap (2012), an organization that provides consulting and investment banking services driven by innovative thought processes, to business and development communities globally has presented a report, *On the path to sustainability: a study of India's social enterprise landscape* in which they surveyed challenges of acquiring and retaining HR personnel's in social enterprise.

Singh, P. (2012) in his research paper titled "Social Entrepreneurship- A Growing Trend in Indian Economy" revealed that "Social entrepreneurship is the recognition of a social problem and the uses of entrepreneurial principles to organize create and manage a social venture to achieve a desired social change. While a business entrepreneur typically measures performance in profit and return, a social entrepreneur also measures positive returns to society.

Kardos M. (2012), the relationship between entrepreneurship, innovation, and sustainable development inquired connection between sustainable entrepreneurship and sustainable development from both the perspectives of conceptual reflection in literature and research on the European Union countries. The methodology is based on methods of analysis and synthesis, interpretation, and relevant comparisons. The research results point out that sustainable entrepreneurship, seen through the perspective of innovative SMEs, as considered in the research, is part of the support system for sustainable development, as entrepreneurial enterprises are increasingly recognized as a driving force for innovation and competitiveness, as one of the keys to achieving sustainable development.

Choi, N. and Majumdar S. (2014) *Social entrepreneurship as an essentially contested concept: Opening a new avenue for systematic future shed light on the ongoing contestation of social entrepreneurship and offer a novel conceptual understanding of the concept that can facilitate the development of systematic and structured future research.* To this end, we analyze social entrepreneurship based on the theory of essentially contested concepts, which was proposed by Walter Bryce Gallie in 1956.

Despite the developing ecosystem and valued potential of the sector, limited literature is available on social enterprises in India. Indicators such as the characteristics of social enterprise leader's number of social enterprises in India, their workforce, and their contribution to India's GDP, are still ambiguous. Add to this; there is a lack of a proper understanding of the courses offered by higher education institutions and government policies that aim to support the social enterprise sector in India. Organizations like the Asian Development Bank,

Intellectap (2012), British Council 2016, Villgro, GIZ, Shujog UnLtd, Dasra, and Okapi have participated significantly in defining and understanding social enterprise in India, by providing overall landscape (Intellectap 2012), Asian Development Bank, 2012), regional and sectorial studies (Intellectap 2012); Villgro and Okapi, 2014 and GIZ 2014), reports on human resourcing challenges (Intellectap, 2012) reports on social innovation (**Shambu, 2013**) and social enterprise policy landscape reports (**Darko et al, 2015**). However, the research conducted on social enterprises in India has mainly focused on social enterprises registered as, partnerships, private limited companies, and sole ventures.

McMullen, (2011) in his studies the positive outcome of social entrepreneurs in maximizing the social impact by addressing the social needs of people overlooked by other institutions has been supported by different studies.



Rajan et al., (2014) in that Most of the social enterprises in South Asia have been motivated by finding solutions to intolerable social and economic conditions such as lack of financial services (Mair and Marti, 2009), lack of quality education, lack of health care services, and other social and economic challenges.

Perrini et al., (2010) is the case with commercial entrepreneurship (Shane and Venkataraman, 2000) the process of social entrepreneurship starts with the identification of opportunities.

Nielsen and Carranza, (2010) in this Globally, the businesses, Governments, NGO(s), and other multilateral donor agencies are increasingly recognizing that their support of social entrepreneurial efforts can fetch significant benefits to society at large. However, the current research and policy debates have not yet fully matured to offer conclusive evidence regarding optimal forms of involvement, system components and necessities, and other policy commendations.

Christie& Honig, (2006) The Indian scenes are full of possibilities and challenges. The country possesses capable human resources and has made good progress in achieving scientific and technological capabilities. The economy has been witnessing rapid growth since the onset of liberalizations from 1991 onwards. Unfortunately, social and environmental problems of the country are increasing year after year which necessitates the extensive application of multidisciplinary approaches and entrepreneurial energy in the social and environmental sectors.

3. OBJECTIVES: To study the role of social entrepreneurs in economic development of rural Odisha.

4. DISCUSSION:

According to Joseph Schumpeter, the rate of economic progress of a nation depends upon its rate of innovation which in turn depends on rate of increase in the entrepreneurial talent in the population. According to Meir and Baldwin, development does not occur spontaneously as a natural consequence when economic conditions in some senses are right. A catalyst is needed which results in entrepreneurial activity to a considerable extent. The diversity of activities that characterizes rich countries can be attributed to the supply of entrepreneurs. They channelize the resources from less productive to more productive to create wealth. Through efficient and effective utilization of national resources, they act as catalysts for economic development and agents of social transformation and change. They play a vital role for the economic development of a country in the following ways.

- **Decentralized Industrial Development, Better Distribution of Wealth and Investment:** Rural entrepreneurship play imperative role in the economic expansion of the country and results in decentralized industrial development, better distribution of wealth and investment.
- **Reduction of Poverty and Unemployment:** Rural entrepreneurship is labor intensive and creates large scale employment opportunities for the rural people. Rural entrepreneurship provides a solution to the growing problem of large-scale unemployment and underemployment of rural India. Through entrepreneurship development program, unemployed people can opt for self-employment. In this respect, several programs like National Rural Employment Program (NREP), Integrated Rural Development Program (IRDP), etc. are in operation in India to help the potential entrepreneurs.
- **Check on migration of rural population:** Rural population moves towards urban for various reasons like income generation, searching good job, utilize various facilities etc. Rural entrepreneurship will bring in or develop infrastructural facilities like roads, power, bridges etc. It reduces the gaps and disparities in income between rural and urban areas. Rural entrepreneurship can avoid the migration of people from rural to urban areas in search of jobs.
- **Formation of Capital:** Entrepreneurs by placing profitable business proposition attract investment to ensure private participation in the industrialization process. The otherwise idle savings are channelized for investment in business ventures which in turn provides return. Again, the savings are invested giving a multiplier effect to the process of capital formation.
- **Balanced regional development:** Rural entrepreneurship controls the concentration of industry in urban areas by setting small scale units in remote areas, successful entrepreneurship development programs can help in achieving balanced regional development.
- **Promotion of artistic activities:** Rural industries also help protect and promote the art and handicrafts, i.e., the age-old rich heritage of the country.
- **Check on social evils:** The growth of rural entrepreneurship reduces the social evils like poverty, social tensions, atmospheric pollution, the growth of slums and ignorance of inhabitants etc.
- **Awaken the rural youth:** Rural entrepreneurship encourages young and promising entrepreneurs to develop and carry out entrepreneurial activities in the rural sector.



- **Improves standard of living:** Rural entrepreneurship will also increase the literacy rate of rural people. Their education and self-employment will prosper the community, thus improving their standard of living.
- **Proper utilization of local resources:** Rural industries help in the maximum utilization of local resources like raw materials and labor for productive purposes and thus increase productivity. Efficient and effective use of limited resources by the entrepreneurs leads to overall economic development of an area.
- **Improvement in per capita income:** Rural entrepreneurship generates more output, employment and wealth by exploiting new opportunities, thereby helping to improve the per capita income of rural people.
- **General Employment:** This is the real charm of being an entrepreneur. They are not the job seekers but job creators and job providers. With the globalization process the government jobs are shrinking leaving many unemployed. In the circumstances, the entrepreneurs and their enterprises are the only hope and source of direct and indirect employment generation.
- **National Self-reliance:** Entrepreneurs are the corner stores of national self-reliance. They help to manufacture indigenous substitutes to imported products which reduce the dependence on foreign countries. There is also a possibility of exporting goods and services to earn foreign exchange for the country. Hence, the import substitution and export promotion ensure economic independence and the country becomes self-reliance.
- **Planned Production:** Entrepreneurs are considered as economic agents since they unite all means of production. All the factors of production i.e., land, labor, Capital and enterprise are brought together to get the desired production. This will help to make use all the factors of production with proper judgment, perseverance and knowledge of the world of business. The least combination of factors is possible avoiding unnecessary wastages of resources.
- **Promote prosperity:** Improvements in local productivity can promote prosperity.
- **Earnings of foreign exchange:** Rural entrepreneurship plays significant role in increasing the foreign exchange earnings of the country through export of their produce.

5. CONCLUSION:

The state like Odisha, have better opportunity for start-up entrepreneurs and could draw the attention at the global perspectives. Proactive role of the government would bring new changes in the fields of good governance for smooth and hassle free services, setting up startup council towards effectiveness and sustainability of the project, stringent action by task force and in time funding assistance. However, still there are few areas are under bracket like; can it be helpful to generate viable employment opportunity for low skill personnel?, challenges to meet demand and supply of services, product as well as employment and finally the capability of existing institutes within Odisha is to be measured. The development of social entrepreneurship in rural areas can have a significant impact on their sustainable development by promoting entrepreneurial initiatives to solve the severe socio-economic problems such as long-term unemployment, lack of employment for disadvantaged people, integration, and employment of ethnic groups, a social involvement of other people in a vulnerable position. To solve these issues, it is necessary to create appropriate conditions for building social enterprises for successful integration and sustainable tackling social exclusion and depopulation of rural areas. Social entrepreneurship can improve the vitality of rural areas by providing new opportunities for diversification and a more efficient use of local resources.

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