

Making Social Entrepreneurship More Social: An In-Depth Examination of Goonj, Rang De and Agastya International Foundation

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ABSTRACT

In a world as capitalistic as today's, it becomes hard-pressed to find businesses working for the good of the people with no ulterior motive. That is where social entrepreneurs come in. They observe the world through a lens different from most traditional businesses- their goal being social betterment, not monetary benefit. Social entrepreneurship has been on the rise for the past few decades and it is picking up speed. From reusing and recycling scrap cloth to provide women with menstrual aid like Goonj, to assisting people with a simple microfinance credit model, to changing the education system by training teachers and students alike, social enterprises in India are revolutionizing the way businesses run. They are people-centred, their primary focus being enhancing human value, not profits. This paper attempts to elucidate how social enterprises operate and how they work together with the community to bring about a positive change in their quality of living.

Keywords: Social entrepreneurship, social entrepreneur, change, business, society

Introduction

Questions such as 'Is a social enterprise a non-profit that operates as a business?' or 'Do social enterprises earn profits? If not, how do they survive?' are common when it comes to learning about social entrepreneurship. (Bornstein, 2020) Traditional entrepreneurs have historically focused more on profit-making and less on working for the most vulnerable sections of society. In recent times, entrepreneurship has ushered in a new chapter that combines character and competence to bring social changes. Social entrepreneurs now prioritize social impact over all else (Bornstein, 2020), ultimately attempting to bring sustainable equity, justice, and financial stability for everyone.

Social entrepreneurship is the use of business acumen and competence combined with compassion and character to effectively solve social problems. Social entrepreneurs are driven by a mission to create social value rather than personal wealth. The World Economic Forum's report says there is a growing impact of social enterprises globally, developing effective, innovative solutions for environmental and social challenges, (*The State of Social Enterprise: A Review of Global Data 2013–2023 INSIGHT REPORT, 2024*) demonstrating a strong willingness to work together.

Friedman, in an article in *The New York Times* published in 1970, brings up several thought-provoking questions about social entrepreneurship. The ethics, the general workings of social enterprises, and the concept of 'social responsibility' that a corporate executive is supposed to adhere to. He questions how an executive could be socially responsible, all the while having to make profits for his employer, calling social responsibility a cloak that business people hide under. He says, "In a free society, it is hard for "good" people to do "good," but that is a small price to pay for making it hard for "evil" people to do "evil," especially since one man's good is another's evil."

A study specific to India highlights how every third Indian is deprived of basic necessities, leading to the innovative and transformative nature of social entrepreneurs in India, addressing diverse issues from education to poverty alleviation. (Bulsara et al., 2012, 8) In this paper, I aim to explore the evolution of social entrepreneurship in India and its impact on society by studying three social enterprises: Goonj, Rang De, and Agastya International Foundation.

Background

Today, the social entrepreneurship sector employs over 40 million people and engages over 200 million volunteers in both developed and developing economies. (Hibbard, 2021) Sushant Zanganehpour, an expert on social enterprise states,

"Social entrepreneurship is on the verge of hitting a tipping point. There are many factors contributing to this including the rise of Generation Y (millennials). This generation is a new, connected, socially-conscious, energized global cohort who finds this concept very appealing. This is demonstrated by the products they buy, and by the companies they seek to work for." (Chaaban, 2015)

The phrase 'social entrepreneur' poses a conundrum to most people. Jay Goltz, in a 2010 article for *The New York Times*, said, "If it's mostly about the social good, what makes it entrepreneurship? And if it's mostly about the entrepreneurship, what makes it social? Isn't the phrase an oxymoron?"

Social entrepreneurs attempt experimental business practices to bring about positive sustainable change in the world. A person who takes the initiative based on a social vision and possesses the ability to analyse, envision, communicate, empathize, and empower (Yunus, 2010) is a true social entrepreneur. A study describes social entrepreneurs as catalysts for social change who leverage business strategies to solve critical societal issues. (Sharma and Salwan, 2015)

Bornstein called social entrepreneurs “transformative forces” as an ode to people like Florence Nightingale, who developed modern nursing practices in the 1860s ((Eakin, 2003) and Robert Owen, who started cooperative movements in the early 1800s. These stalwarts during the 19th and 20th centuries worked solely to eradicate social evils, and not for profits. (Reder et al.)

The first known use of the terms ‘social entrepreneur’ and ‘social entrepreneurship’ dates back to 1953, by H. Bowen in his book *Social Responsibilities of the Businessman*. The concept evolved and entered common use in 1980. The term might be new in the dictionary but in essence and practicality, several people have been practising it throughout history, all highly passionate individuals.

William Drayton technically was the first to coin the term ‘social entrepreneurship’ in 1972, to describe the growing trend of entrepreneurs attempting to address pressing social and environmental issues. (Bacq et al., 2021, 3) He is now known as the father of social entrepreneurship. (Thorpe, 2019) In reality, however, the concept can be traced back about 600 years. In the 1400s, Mansa Musa of the Mali empire in Africa was a slaveholder who charitably donated riches and invested in communities across the lands he travelled to. The 1600s saw the world’s first publicly traded company, the Dutch East India Company. The 1700s saw the first instances of fundraising for a general hospital. The 1800s saw social workers. The 1900s saw Vinoba Bhave, who founded the Land Gift Movement in 1951, which inspired Drayton to launch Ashoka, setting in motion a social enterprise movement. Since the early 2000s, the concepts of business and social awareness have become interwoven. (Hoover, 2018)

Social enterprises notice an issue, feel motivated to solve it, and ultimately come up with innovative solutions to combat it. Goonj, Rang De and Agastya International Foundation identified difficulties and provided effective solutions. Social enterprises believe in treating social issues like business challenges; this change in attitude helps and inspires people to formulate creative solutions. Enterprises can start maximising the potential of the latest developments in technology and focus on sustainable practices and giving back to the community. Specifically in the Indian context, the idea of ‘giving’, or the need to fulfil one’s debt to society is deep-rooted in people’s identities. (Chakraborty, 1987)

Social entrepreneurs perform a similar function in the social economy, filling gaps in social needs that are left unfilled by businesses and the government. According to experts, social enterprises connect people in ways that traditional enterprises cannot. Social entrepreneurs ‘excel at togetherness’, says Sally Osberg, President of the Skoll Foundation. She opines that the word ‘social’ is taken to heart, these entrepreneurs work together communally, responding to pertinent issues of the time, making it imperative that they thrive in today’s society, giving people hope. (Bornstein, 2012)

The objectives of social improvement cannot be achieved if social enterprises are not financially viable. While their primary focus is not revenue generation, they still require revenue in order to be able to fund their social causes. François Bonnici’s article on the World Economic Forum highlights the importance of financial and policy support for social enterprises to thrive. An example of this is bringing high-speed internet to remote areas to help students gain better access to information. Another could be developing apps that cater to the needs of particular communities. (Cizmeci, 2021)

A social enterprise refers to a business with certain social objectives as its primary goal while using a commercial structure to run the organization. (Gupta, 2023) These enterprises reinvest their profits to make more of an impact, going towards their mission of improving social conditions for the downtrodden. According to a British Council sampling process in 2016, two-thirds of social enterprises in India work towards creating employment opportunities, aiding in financial independence. They provide direct employment to people from disadvantaged groups, making them a part of their workforce. It is not a smooth sailing process for these entrepreneurs to grow, far from it, but they hold their ground and succeed in implementing their vision against all odds.

The way social entrepreneurs function is by filling in the gaps in societal needs, left unfilled by businesses and corporations. (Bulsara et al., 2012, 10) Some of the most well-known social enterprises in India are Amul, India’s largest dairy cooperative, Selco India, which provides safe electricity measures using solar energy, and DARE, which disseminates information about government schemes to those working in the agricultural sector. (Bulsara et al., 2012, 11-12)

Discussion

Owing to India’s huge population, inclusion and inequality have always been areas of concern. (Khosla, 2021, 388) Several social enterprises have emerged since the early 2000s in response to the challenges that low-income populations face, such as sanitation, health services, and electricity. (Nair) A study focused on India highlights the problems and opportunities faced by social entrepreneurs, suggesting the necessity of creative solutions for mending social and

economic divisions. (Yaduvanshi and Narendran, 2017) A report by Swissnex India indicates that there are immense possibilities for addressing the most challenging issues in the fields of medicine, finance and education. Social entrepreneurs play a vital role in facing these challenges head-on. Some of the most venerable social entrepreneurs in India are virtually unknown to the majority of the public; Rippan Kapur of Child Rights and You, Jyotindra Nath of Youth United and Jay Vikas Sutaira of Bhookh.com. (Yaduvanshi and Narendran, 2017) These organizations were founded to help the underprivileged sections of the country.

“Big thinking, solution-minded pragmatists” (Eakin, 2003) is one way to describe social entrepreneurs who go out of their way to transform themselves into innovators. J. Gregory Dees, an expert in the field, posited that societies are becoming increasingly aware of the fact that private citizens, rather than the government, are blending business expertise and social consciousness to find solutions to societal problems, making social entrepreneurs the most practical option for change.

Goonj, Rang De, and Agastya International Foundation are some of the most esteemed social enterprises in India today.

Goonj

Social entrepreneur Anshu Gupta Founded ‘Goonj’ in 1999. The organization effectively recycles scrap cloth and reuses old clothes by donating them to people in need, effectively contributing to a sustainable goal. (Pruthi, 2012) The main objective of Goonj is to use used, underused, or unused discards from urban areas as a tool for alleviating poverty in rural areas, and giving dignity to the financially and socially downtrodden people of India. Goonj has redefined the concept of waste by turning urban discard into a tool for rural development. Gupta observed that, even though a lack of clothing was a major sign of poverty, it was blatantly ignored until a disaster struck. He, along with his wife, decided to provide clothing for the underprivileged, along with aiding women in managing menstruation. (Pruthi, 2012)

Goonj, as per their annual report from 2018-2019, was able to provide 1,240,700+ sanitary pads, more than 1,01,300 undergarments and other basic needs and materials for women. It also helped more than 1,47,400 children in more than 2,200 schools and channelized thousands of books, more than 1,02,100 pairs of shoes, and over 1,64,400 notebooks to children in villages and slums. So far Goonj has impacted the lives of millions of individuals, thereby efficiently aiding financial poverty and empowering people. (*Annual Report 2018-2019*)

Rang De

Rang De is India's only peer-to-peer lending platform that aims to eliminate poverty in India by providing affordable credit to unbanked communities. They pioneered "social investing, enabling individuals to lend to unbanked farmers, artisans and entrepreneurs and help kickstart, sustain and grow their livelihoods." (*We Are Rang De*) The founders, Ram and Smita were inspired by Muhammad Yunus, who spearheaded a project which came to be the well-known Grameen Bank in Bangladesh, with only \$27. He went on to become the first Bangladeshi to win a Nobel Prize for his contributions to the microcredit systems in banking. (Seemon, 2022)

What began as a non-profit, P2P credit platform in 2008, Rang De was forced to switch to a for-profit model, following regulatory changes in 2017. Ram, co-founder and MD says, "This unique approach decouples the twin challenges of regulatory compliance and capital costs, making it feasible for our partner organisations to offer lower interest rates to the final investee." (*Rang De: Credit Where It's Due*, 2024)

Rang De allows individuals to lend to the unbanked population, thus enabling underprivileged people outside the financial and banking systems to get financial assistance, resulting in their financial independence and economic empowerment. A case study on Rang De asserts that the enterprise endeavours to bridge the gap between lenders and borrowers with the primary objective of reducing poverty. (Vasudha, 2021) So far Rang De has gathered over 10,000 social investors and has disbursed more than Rs. 80 crore in loans. Ram also states that the urban population of India is unaware that credit is a serious issue across the country, calling it "massive information asymmetry". ("Rang De: Credit Where It's Due") They do commendable work with their simple interest model and easy application process.

Agastya International Foundation

Agastya International Foundation works to transform education in India. They have worked tirelessly to make creators and innovators through a journey of hands-on exploration, experimentation, discovery and application. They aspire to spark curiosity and problem-solving skills through practical learning experiences. The World Bank's study on Agastya highlights its impact on improving critical thinking and leadership skills among students, emphasizing the importance of innovative education models in driving social change. (*Agastya: Improving Critical Thinking and Leadership Skills*, 2017) Agastya has reached more than 23 million children and 3,00,000 teachers across 23 states in India. They aim to reach a total of over 35 million by 2028. In the long run, they aim to impact more than 100 million underserved children in India.

Financial limitations, legal, and administrative issues are common challenges faced by social entrepreneurs. Effective strategies should be set in place to overcome such obstacles. Social entrepreneurs can be interpreted as the second, invisible side of the economy, their approach adding value to the existing situation, and addressing some of the most pressing problems of the country. (Bulsara et al., 2012) Being benevolent and purpose-driven has become somewhat of a trend in businesses, but seems to come to fruition only with social enterprises. They use market research to maximise their profits, but their goal is to enhance societal benefits, much like non-profits. More social enterprises are facilitating partnerships between businesses and non-profits to generate optimum social welfare. (Polizzotto, 2019)

These ventures deal with financial constraints with a deep-seated yearning for social change. They must create sustainable financial models (Thompson & MacMillan, 2015) that can bring a shift in both areas, leveraging all available resources by repurposing existing ones or creating new ones. Some of the major challenges social enterprises face include monetization, scaling, fostering partnerships (Dee), increasing engagement, overcoming low reach and exposure, tough customers, and a lack of awareness. (KRISHNAMURTHY, 2023) The main interest behind social entrepreneurs starting these enterprises is creating social value. Another major challenge is the target population willingly participating in the social enterprises' attempts to improve their quality of living. (Mthembu & Barnard, 2019)

Conclusion

India has 1.4 billion people and it faces serious issues like poverty, education, and social inequality. Enterprises like Goonj, Rang De, and Agastya International Foundation highlight and establish the potential and power of social entrepreneurship to bring meaningful and sustainable changes. It will remain viable by using business competence to generate revenues thereby generating livelihoods for the people involved. Its moral compass will help them avoid the mistakes traditional businesses make by failing the most poor and vulnerable sections of society.

Social entrepreneurs have the potential and resources to drive change through unconventional ideas and risks taken in the hope of societal betterment. They can bring positive change to communities through their efforts in ways that other individuals are unable to. (Cizmecci, 2021) Essentially, the right people need to work together at the right time to efficiently bring about changes in society.

The process of a social enterprise does not occur in a vacuum, the environment has a major impact on the efforts to achieve the enterprise's social betterment vision. (Diochon & Anderson, 2009, 11) For India to grow as a country that is truly equal in every sense of the word, social entrepreneurship has immense scope to expand to all corners of the country. Promoting

inclusivity in terms of economic growth and finding alternative solutions to environmental challenges are two of the most important tasks these enterprises perform. (Dubey, 2023) Social entrepreneurs have the opportunity to revolutionize India by rethinking existing concepts of economy, social value, and community. (*Is Social Entrepreneurship Revolutionizing India and Changing the World?*, 2023) People generally leave it to the government to fix social issues, but social entrepreneurs are the ones who scrutinize and identify areas that are ineffective and wield the power to make a positive change. (Hattangadi, 2020)

In a capitalist world, social entrepreneurs should be the new standard, looking at a brighter future, dealing with the delicate imbalances in society, and aiming for more of a human impact, rather than monetary. Social entrepreneurship is not simply a trend to follow but has proven to be a genuine advantage for every community.

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