

A STUDY ON THE ROLE OF SOCIAL ENTREPRENEURSHIP IN SOCIO-ECONOMIC DEVELOPMENT OF RURAL KARNATAKA

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Abstract

Though entrepreneurship in any form is the foundation of economic development, social entrepreneurship provides additional benefits in the form of societal development. In developing economies like India, the growth of social entrepreneurship at a fast phase has created ample benefits for the society in the form of multiple employment opportunities, improvement in education, health, and infrastructure and so on. The government support for social entrepreneurship can be seen in the form of provision of subsidies, awards, and recognition to the social entrepreneurs to include the community in the new business plans. In this regard, the present study aims to examine the impact of social entrepreneurship in socio-economic development of rural areas in Karnataka. The researcher collected the data through a close-ended questionnaire from 321 respondents residing in the rural areas of Karnataka. The findings of the study indicate indulging social entrepreneurs' knowledge in the health and education sector can build strength within the existing system for a positive change.

Keywords: Social Entrepreneurship, Social Needs, Innovation, Social Entrepreneurship, Standard of Living, Health.

Introduction

Social entrepreneurship has emerged as an approach which would bridge the gap between profit-making enterprises and non-profit organizations struggling with maintaining economic sustainability and achieving the developmental goals of the society (Gupta, 2012). These social enterprises could merge in the form of public/private companies or non-governmental organizations that attempt to uplift the people at the bottom of the pyramid by bringing them into the development process (Singh N. , 2015). This is done by ensuring an improvement in the quality of life, enhancing the skills, capabilities and bringing in innovation within the mainstream development. Social entrepreneurship has specifically focused on catering the needs of the poor strata of the society by enabling production and sale of affordable products and services. This has contributed in overall socio economic development of the economy (Slađana Brajević, Antonija Babić & Ivona Jukić, 2015). In the context of India, where the government faces a tradeoff to invest either in economic growth or social development, social entrepreneurship has helped in maintaining the balance between the two (Singh D. P., 2012).

In the past few years, India has offered a progressive environment for the growth of social entrepreneurship firms. This is achieved through the support offered by the government in the form of greater access to finance and improved legal structure (Oommen, 2010). The self-help groups have also offered facilities in the form of microfinance to these enterprises due to which social entrepreneurship is witnessing an upward trend in India. However, the progressive growth of social

entrepreneurship is inconsistent and unequally distributed across the geographical boundaries of India (Rawal, 2018).

Among several Indian states, only Karnataka has emerged as a global IT hub. Social entrepreneurs have utilized this opportunity by setting up firms in the rural areas of Karnataka with a mission to achieve socio-economic development. Some of the known social entrepreneurs in Karnataka include Santosh Kaveri, developed the brake system for bullock carts, carrot cleaning machines and hot water without the geyser system. This has helped the farming population of not only Karnataka but India by easing out the lengthy processes and giving them time and energy to divert into other important activities which would fetch them money and raise their living standards. (Pareek, 2014). However, these ventures are facing challenges such as lack of education related to entrepreneurship, lack of financial assistance, lack of skilled manpower and lack of subsidies for social ventures. (Oommen, 2010).

Objectives of the Research

The aim of the paper is to examine the impact of social entrepreneurship in socio-economic development of rural areas in Karnataka. The following are the sub objectives:

- To analyze the social changes that has been brought by social entrepreneurs in rural Karnataka.
- To examine the economic development that have occurred due to the emergence of social entrepreneurs in rural Karnataka.

Literature Review

The review of literature on social entrepreneurship is done under five categories; research works related to:

- a) Papers published on social entrepreneurial characteristics to understand the characteristics of social entrepreneurs,
- b) Articles related to the outcome of social entrepreneurship,
- c) Papers related to strategies of social entrepreneurship that were executed
- d) Papers related to impact on socio-economic development
- e) Empirical papers on social entrepreneurship

Characteristics of Social Entrepreneurship

Social entrepreneurship is not defined completely but is understood as something that creates social value (Öztürk, 2018). Examples of pioneers are always given when social entrepreneurship as a concept comes up. It is defined in as an business that is not interested in much profit and is rather interested in bringing change in the society (Braunerhjelm and Hamilton, 2012). The concept has not yet been linked completely with the phenomenon of entrepreneurship and knowledge. The social entrepreneurs act as agents of change without burdening the Government since they are self-sustaining bodies (Abu-Saifan, 2012).

Outcome of Social Entrepreneurship in Rural Areas

Social entrepreneurship in the rural areas have helped in the eradication of health, poverty and

educational issues rural India faces (Patel and Chavda, 2013). In this regard, the study of (S.Moghana Lavanya, 2014) highlighted that social entrepreneurship has helped in providing quality educational infrastructure at both schools and college levels for the students in the rural areas. In addition to this, these firms have assisted in technological advancement in the field of agriculture and industry. This technological advancement has generated employment opportunities for the youth in the rural areas that have no means to earn a good-paying job (Mair, 2009). Further, these entrepreneurs are working to bring transformation in the health sector in order to make it affordable for the rural population who can't pay for big and expensive surgeries. Lastly, improvement in the health sector has also been witnessed by addressing the issue of sanitation in the rural areas (Gupta, 2012).

Strategies of Social Entrepreneurship

Through the use of a social network approach, innovative ideas are brought about by social enterprises to establish business in rural areas (Richter, 2017). In this regard, the study of (Smith and Darko, 2014) stated that social entrepreneurs are expected to finance on their own while they support social causes so that they can work independently. They ensure finances through methods like crowd-funding wherein some people come together in a community to pool their financial resources and help each member by lending money pooled to the needy individual.

In order to stand out in the rising social entrepreneurial environment, businesses focus on the impact made on the community. They do this by analyzing the needs of the targeted population. In this context, the study of (Garton, 2015) focused upon the view that that business enterprise in order to stand for the same cause which the community is wishing for, aligns with social enterprises and this opportunity is utilized by social entrepreneurs for generating funds.

Impact on Socio-economic Development

Social entrepreneurs address social issues like illiteracy, poverty, sanitation etc., by applying business skills on them (Kumar and Naveen, 2016). In this context, the study of Binger, (2004) stated that the entrepreneurs are able to capture the resources which are available locally in rural areas and build opportunities in the community. In addition to this, they function in by developing a product which caters to the social needs like poverty eradication of the people in that area. The businesses are able to address the economic needs of the community as well by providing employment to help the people in the society in raising their standard of living (Tripathi Rawal, 2018).

In the socio-economic development, the study of (Samineni, 2018) focused upon the extent of women empowerment in India. The study highlighted that initiatives like the Deccan Development Society in Medak district in Telengana and '*Our Seeds our Power*' have empowered women in the field of organic farming. The ventures are providing platform to these women to come together by sharing their funds and create something new for their economic up-liftment

Empirical Review

The studies so far on social entrepreneurship have included case-based studies, literature reviews and surveys. The studies however in rural India based on surveys and in general have been very limited. The following **Table 4** gives out a brief on some selective studies relating to social entrepreneurship in rural areas of India.

Table: 4 Brief on Some Selective Studies Relating to Social Entrepreneurship In Rural Areas of India

S No.	Author	Aim of the Study	Methodology	Findings
1	(Mair, 2009)	To examine the impact of growth in social entrepreneurship on women empowerment.	Case study on RHEP initiated by Gram Vikas NGO in Orissa's rural districts	Institutional change is witnessed in the power play between men and women where major responsibilities and decisions were taken up by both the genders together.
2	(Samineni, 2018)	To study and understand the strategies for enhancing women's economic empowerment through Social Entrepreneurship.	Focused Group discussion and Interviews of Women working with the social entrepreneurs.	The approach of Self-help groups or co-operative funding has made these entrepreneurs successful. Women are able to uplift their social and economic status in the community by serving as bread earners of the family.
3	(Raju, 2018)	To highlight an exemplary social entrepreneurship business which has created so much impact in the lives of rural population in India	Case Study on Srikan institute of Ophthalmology	Entrepreneurship ventures like the case study would ensure sustainability, accessibility and viability of projects in rural areas.
4	(Tripathi Rawal, 2018)	To study the overall contribution of social entrepreneurship and the challenges faced by them in India.	Hypothesis testing based on reports and published material on social enterprises available on the web, in journals and on known portals like ASSOCHAM etc.	Social entrepreneur is a coming up concept in India, there are some success stories which act as role models. There are hindrances like arranging financing to operate, making business profitable alongside helping the community.

Source: The Compilation was done by the authors of the paper

Methodology

The research methodology of the research work is presented as follows:

Data type

The study involves collecting primary data analysis of the people in rural Karnataka. This is done keeping in view the performance of Karnataka in terms of contribution for the development of the Indian economy. The state is known to contribute very high in GDP, with new ideas and innovations and startups emerging from here.

Sampling Method

In the present study, the researcher has applied purposive sampling. It is a type of non-probability wherein the elements that best fit the purpose of the study are chosen, based on the objectives of the study (Singh S. , 2018). This study has targeted the rural population of Karnataka where social entrepreneurs exist so that information can be collected as to how these ventures are affecting the socio economic development in those areas.

Sample size

The researcher approached 500 people living in the rural areas of Karnataka from each of the 5 villages out of which about 450 responses were received. After the process of cleaning of data the researcher found 321 completely filled questionnaires. Thus the sample size for the present study is 321 respondents. This sample size was calculated by considering the confidence level of 95 % and the confidence interval of 1.98.

Data Collection and Analysis Methods

The data was collected by the way of market surveys wherein the rural places of Karnataka famous for their entrepreneurial ventures were surveyed to find out how these ventures are helping the society or the residents of that area. The social entrepreneurs targeted in the study are concerned with providing; educational facilities for the children in rural Karnataka. In addition to this, the researcher approached the social entrepreneurs who have opened up health centers and agricultural centers for farmers in rural Karnataka. The data was collected with the help of a closed ended questionnaire which was handed over to the people in the rural community of the locality. The questionnaire was used to examine the perspective of the rural population as to whether they feel the entrepreneurial efforts are creating a change in their lives and if so in what ways has these ventures been impactful. The data collected from the respondents was entered in MS excel which was further imported in SPSSv21 software to get the results for further interpretations.

Null and Alternate Hypothesis

In consideration to the aim and objectives of the study the researcher has framed the following hypothesis:-

H₀:- There is no significant impact of initiatives undertaken by the social entrepreneurial ventures on the socio economic development in the rural areas of Karnataka.

H_A:- There is a significant impact of initiatives undertaken by social entrepreneurial ventures on the socio economic development in the rural areas of Karnataka.

Data Analysis

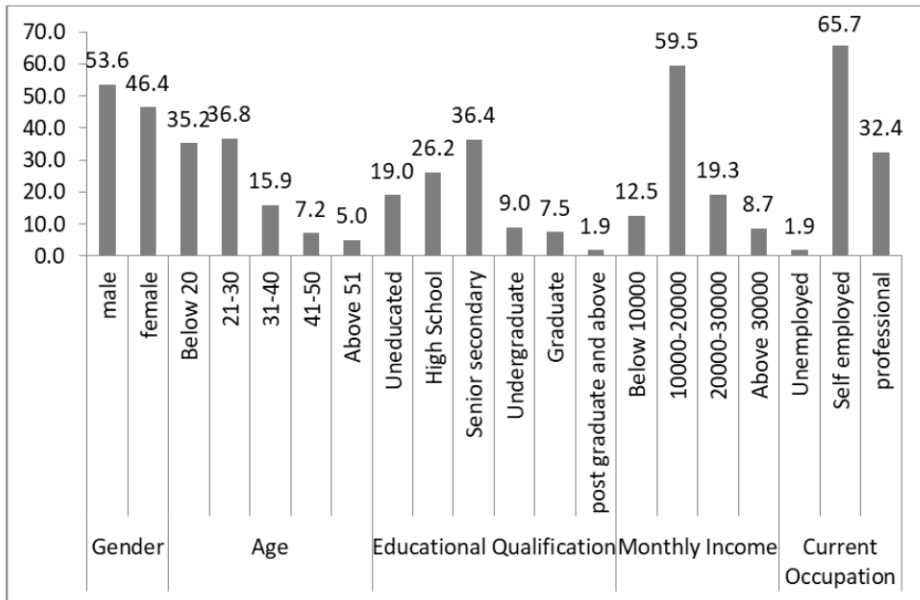


Figure 1: Demographic Profile (%)

Primarily, the respondents were inquired about the basic details such as gender, age, monthly income and the current occupation. In this context, the **Figure 1** shown above clearly indicates that among the 321 respondents about 54% were males and the rest were females. Additionally, about 36 % respondents fell in the age group of 21-30 years. In terms of educational qualification, about 36 % respondents had completed their senior secondary. Further, about 60% respondents were earning the monthly income between Rs 10,000-20,000. Lastly in terms of current occupation, majorly about 65% respondents were self-employed. Overall, it can be said that there was not much difference in the number of male and female respondents. Though the respondents were young but were much educated. Apart from this, most of the respondents were self-employed and earned a low level of income.

General Background

Following this, the respondents were inquired about their awareness and participation in context to activities undertaken by the social entrepreneurs. **Figure 2** indicates about 79% were aware of the activities undertaken by social entrepreneurship firms. In addition to this, majorly 81.9% were aware of the social entrepreneurship firms operating in their locality. Further, 70% agreed to the fact that they have participated in the activities or initiatives undertaken by social entrepreneurship firms. Therefore, most of the respondents were aware of the concept of social entrepreneurship and knew of such ventures operating in their locality. They had also participated in the activities organized by social entrepreneurs.

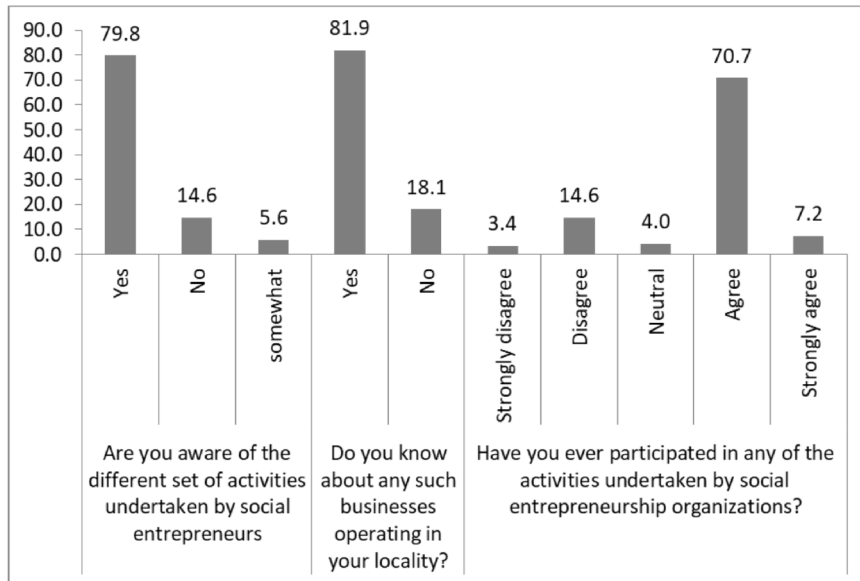


Figure 2: General Background (%)

Inferential Analysis

The aim of the study was to examine the impact of social entrepreneurship on socio-economic development of rural areas in Karnataka. Within these two objectives for defining primary study was to analyze the social changes that has been brought by social entrepreneurs in rural Karnataka and to examine the economic development that has occurred due to the emergence of social entrepreneurs in rural Karnataka. In accordance with the main aim, the researcher identified socio-economic development as the dependent variable and initiatives undertaken by the social entrepreneurs such as education, resource development, cultural environment, social environment, employment opportunities, health, community infrastructure, living standard, innovation, poverty eradication and gender equality as independent variables.

H₀:- There is no significant impact initiatives undertaken by social entrepreneurial ventures on the socio economic development in the rural areas of Karnataka.

Correlation Analysis

Pearson Correlation was used to examine the relationship between initiatives undertaken by the social entrepreneurship and socio-economic development in rural areas of Karnataka. In this context, table1 shown in the Appendix of the study indicates that all the socio-economic factors are positively related to social entrepreneurship but the most strongly correlated factor is 'Education (.968** sig at .000) and Health (.959** sig at .000)'. This means that social responsibility of education undertaken by the social entrepreneurs have a major impact on the socio-economic development of the country. In this context, the study of (Dubey, 2019)highlighted that the social entrepreneurship firms are working upon improving the health and education facilities across India. The entry of social entrepreneur's in these sectors would develop a high growth potential of these sectors in the near

future.

Regression Analysis

The table 2 in the appendix highlight the results of the ANOVA table makes it clear that the null hypothesis i.e., there is no significant impact of socio-economic development in rural areas of Karnataka due to social entrepreneurship is rejected since the F-value is significant at $p < 0.05$. In addition to this, the F value is too high (1168.038). Hence, the probability of accepting the alternative hypothesis is high.

Table 3 in the appendix, indicates that the value of R-square and adjusted R-square value is about 97%. This shows that the independent variables contribute to a variation of around 97% in the dependent variable. Therefore, the model seems good enough to explain variation in social-economic development in rural areas of Karnataka.

Lastly table 4 in the appendix shows the regression analysis for the study. It can be seen that all variables are significant at $p < 0.05$ except for Eradication of Poverty and standard of living. 'Health', out of all significant factors, depicted a major impact on social entrepreneurship with the highest standardized beta coefficient of .293. This indicates that health initiatives undertaken by social entrepreneurs have a major impact on socio-economic development in rural areas of Karnataka. In this context, the study of (Ajaikumar, 2018) highlighted that social entrepreneurship have helped in bringing in new technologies and investments in the healthcare sector with the support of other smaller organizations. This has brought in tremendous improvement in the healthcare sector of India. The results of the analysis part are shown in the table below:-

Hypothesis	Results
H ₀ :- There is no significant impact of initiatives undertaken by the social entrepreneurial ventures on the socio economic development in the rural areas of Kamataka.	Rejected
H _A : There is significant impact of initiatives undertaken by the social entrepreneurial ventures on the socio economic development in the rural areas of Kamataka.	Accepted

Conclusion

Social entrepreneurship is a concept which is coming up in the current era because of the realization that personal gains by businesses can be merged with benefit for the society so that overall development of the economy can be achieved. The findings of the study indicated that the social entrepreneurs have played an important role in improving the health and education conditions in the rural areas of Karnataka. The social entrepreneurs can build up staring networks with the other small organizations to tackle the health inequalities prevailing in the rural area. Further, initiatives in regard to education can fill up the loopholes existing in the form of poor quality of facilities like infrastructure in the government schools. Education not only develops the skills and capabilities of the people but also develop a long term path for the economic growth of the country.

Recommendation

Aforementioned results indicate few recommendations for achieving socio-economic through the activities undertaken by the social entrepreneurship firms as follows: -

1. Social entrepreneurship as a course should be taught to students at schools of entire

Karnataka state. It should be made part of the course curriculum. Institutions at graduate level should also offer courses in the social entrepreneurship so that youngsters come with useful and sustainable business solutions to support the society especially rural Karnataka.

2. The reach of social entrepreneurship ventures should expand even to cover rural Karnataka. In India, such businesses are coming up only in some parts of the country. Awareness programs should be spread among the masses about the functioning of social entrepreneurs in the nuke and corner of Karnataka State, what it stands for and how is the concept different from the working of institutions which run for nonprofit objectives or for social benefit in rural Karnataka so that people in those areas can join these businesses to earn for their better living. This will also ensure addressable of their social problems apart from economic issues.

3. Karnataka Government can reduce the burden of social entrepreneurs by providing access to the funds and reducing the legal barriers that these firms face during their formation. This will ensure development of the areas at a fast pace as the social entrepreneurs bring in sophisticated technologies which are helpful in addressing the issues in an area more efficiently than the technology or infrastructure invested by government organizations.

4. The Karnataka Government should encourage the higher educational institutions to offer Agripreneurship courses as part of graduation courses and such graduates be provided all types of assistance (finance/technology/training) to start their startups to support Karnataka State farmers in creation of value addition for the agricultural crops and hence the graduated youth and farmers be benefitted thereby the suicidal cases among the Karnataka farmers be jeopardized.

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