

PROBLEMS AND PROSPECTS OF SOCIAL ENTREPRENEURS IN TAMILNADU

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Abstract

Social entrepreneurs have been around for many years, but the explosion in global connectivity and intense competition for philanthropic funds seems to have propelled the sector into a more central position in the business world. The essential difference between social enterprises and traditional businesses is that the mission is central to the business of a social enterprise, and income generation takes an important, but secondary, supportive role. The social entrepreneur seeks to implement innovative and creative ideas to solve large-scale social problems in a sustainable way. A social enterprise faces the same issues that any traditional business faces in its growth and operations. But social entrepreneurs also face unique challenges in delivering the social value, social returns or social impact of the enterprise in addition to commercial value. Social enterprise and social entrepreneurship are topics of growing interest among academics and practitioners. This paper specially discusses the marketing problems faced by social entrepreneurs in Tamilnadu.

Key Words: Social Entrepreneurs, Problems, Prospects.

Introduction

Social entrepreneurs are not the creation of the modern society. Historically, individuals and groups have combined the concept of entrepreneurship with social value creation to transform a current state of 'unjust equilibrium' for a targeted group of society (Roger and Osberg 2007). For example, Florence Nightingale built the foundation for the modern nursing profession at a time when nursing was not considered a respectable profession and lacked any codes, ethics and formal training. Further, this phenomenon was not limited to the developed world even the developing world had its share of social innovators. In 1920s, Jammalal Bajal, founding father of a successful Indian enterprise Bajaj Group [2], popularized the importance of business ethics and launched social initiatives to eradicate the malice against 'untouchables' in Indian society. While social entrepreneurs have existed throughout history, the concept of social entrepreneurship is a relatively recent one. Drawing from social entrepreneurship literature, following are five key components of the concept: (1) creating social value that transforms the lives of those who lack the capacity to change the social and economic ecosystem (2) recognizing and capitalizing on the opportunity embedded in the current state of affairs (3) innovating and dislodging the present system of doing things (4) willing to take risk in this process and undeterred by scarcity of resources (5) forging a new, stable equilibrium that uplifts the lives of the targeted group and expanding this cycle to other geographical locations (Peredo and McLean 2006) (Roger and Osberg 2007) (Bolton and Thompson 2004). Having emphasized the social entrepreneurs of the past, it is fitting to draw attention to their modern counterparts.

Challenges facing social entrepreneurs

There are many factors which may potentially enhance or inhibit the development of a social enterprise in a country. These include social attitudes, religious beliefs and prevailing cultural factors. In addition, legal, regulatory and taxation rules will also play an important role. However, this paper focuses on the legal, tax and regulatory barriers as these fall under the direct policy realm and thus can be transformed. Below is a brief description of the key challenges highlighted in this paper:

(a) Forms of establishment and Access to finance: Firstly, lack of standardized legal model for social enterprise is a common flaw in most countries. Secondly, access to finance is often a major issue given the weak business model and the associated risks.

(b) Bureaucracy/Regulation: Burden of regulation and bureaucracy is often regarded as excessive especially for small and medium scale social enterprises.

Literature review

Social entrepreneurship as a practice that integrates economic and social value creation has a long heritage and a global presence. The global efforts of Ashoka, founded by Bill Drayton in 1980, to provide seed funding for entrepreneurs with a social vision (<http://www.ashoka.org>); the multiple activities of Grameen Bank, established by Professor Muhammad Yunus in 1976 to eradicate poverty and empower women in Bangladesh (<http://www.grameen-info.org>); or the use of arts to develop community programs in Pittsburgh by the Manchester Craftsmen's Guild, founded by Bill Strickland in 1968 (<http://www.manchesterguild.org>): these are contemporary manifestations of a phenomenon that finds its historical precedents in, among other things, the values of Victorian Liberalism. The conviction of "enlightened entrepreneurs", as some Victorian industrialists are referred to, that there was a need to combine commercial success with social progress gave birth to industrial groups that used economic wealth for the good of the community (Bradley, 1987; Thompson, Alvy, and Lees, 2000). While entrepreneurial phenomena aimed at economic development have received a great amount of scholarly attention (see Busenitz, West III, Sheperd, Nelson, Chandler and Zacharakis (2003) for a review of the empirical and theoretical development of the entrepreneurship concept), entrepreneurship as a process to foster social progress has only recently attracted the interest of researchers (Alvord, Brown, and Letts, 2004; Boschee, 1995; Dees and Elias, 1998; Thompson, 2002). The development of social entrepreneurship as an area for research closely resembles the development of research on entrepreneurship itself. Williams (1999) argued that interest in entrepreneurship as a field of study was crucially stimulated by community leaders' belief that entrepreneurship was a defining trend of the 21st century. Similarly, we observe that the rise of scholarly interest in social entrepreneurship goes hand in hand with an increasing interest in the phenomenon among elites. Over the last few years, a number of successful business entrepreneurs have dedicated substantial resources to supporting social entrepreneurship.

Objectives of the study

- ❖ To analyze the marketing problems faced by the social entrepreneurs in Tamilnadu.
- ❖ To evolve suggestions for the better performance and solution to the problems of social entrepreneurs.

Hypothesis framed

- ❖ There is no significant relationship between the mean score of the age of the respondents and the variables of marketing problems.
- ❖ There is no significant relationship between the mean score of the religion of the respondents and the variables of marketing problems.
- ❖ There is no significant relationship between the mean score of the marital status of the respondents and the variables of marketing problems.

Research Methodology

The researcher used both primary and secondary methods of data collection. The primary data was collected by using interview schedule technique. A pilot study administering the interview schedule with 24 respondents (20 per cent of the total sample) in the selected areas of Tamilnadu and assessing its feasibility was also done. Based on the pilot study necessary modifications were made in the interview schedule. Secondary data were collected through various books, journals, articles, published and unpublished records and internet publications. The researcher used the simple random sampling methods for the research from the total population. The size of the sample was finalized to 120 samples after considering the factors like the extent of error, degree of confidence etc. On the basis of the answers given by the respondents a null hypotheses was framed which involves statistical tools for test hypothesis, such as Percentage analysis, coefficient of variation, Average, Fitness Test, Analysis of Variance, Chi-square analysis and Factor analysis.

Table – 1 Distribution of the respondents on their age

| S.No | Age in Year | Frequency | Per cent |
|--------------|--------------|------------|------------|
| 1 | 18-30 | 40 | 33 |
| 2 | 31-40 | 32 | 27 |
| 3 | 41-50 | 20 | 17 |
| 4 | 51-and above | 28 | 23 |
| Total | | 120 | 100 |

Source: Compiled from collected data

Above table shows, the researcher has to take the age limits of minimum 18 – 30 to maximum age of 51 and above. This age of 18 – 30 has 33 per cent of respondents, the medium age of 31 – 40 has 27 per cent, and the above age of 51 has 23 per cent of respondents. This shows the difference of 10 per cent when comparing to maximum and minimum age.

Table – 2 Distribution of the respondents on their marital status

| S.No | Marital Status | Frequency | Per cent |
|--------------|----------------|------------|------------|
| 1 | Married | 72 | 60 |
| 2 | Unmarried | 36 | 30 |
| 3 | Widower | 12 | 10 |
| Total | | 120 | 100 |

Source: Compiled from collected data

Above table deals with the marital status of respondents. In this, the married respondents are 60 per cent unmarried are 30 per cent and widows are 10 per cent of total respondents. This shows the higher per cent of respondents status has sent to married.

Table – 3 Distribution of the respondents on their religion

| S.No | Religion | Frequency | Per cent |
|--------------|-----------|------------|------------|
| 1 | Hindu | 56 | 47 |
| 2 | Christian | 42 | 35 |
| 3 | Muslim | 22 | 18 |
| 4 | Others | - | - |
| Total | | 120 | 100 |

Source: Compiled from collected data

Above table shows with the distribution of religion of the respondents. All over the population, Hindu religion covers 47 per cent, Muslims has covered 35 per cent, Christians has 18 per cent and other religion occupies the remaining per cent of total population. This data shows the majority of Hindu religion.

Table – 4 ANOVA test for age of the respondents and marketing problems

| Variables of marketing problems | F | Sig. | Result |
|--------------------------------------|-------|------|--|
| Local competition | 3.447 | .008 | (0.008 < 0.05) Hypothesis rejected |
| Storage cost | 2.833 | .024 | (0.024 < 0.05) Hypothesis rejected |
| Packaging | 2.833 | .024 | (0.024 < 0.05) Hypothesis rejected |
| Poor quality | 3.447 | .008 | (0.008 < 0.05) Hypothesis rejected |
| Equalization of production and sales | 3.447 | .008 | (0.008 < 0.05) Hypothesis rejected |
| Length of time for selling | 3.447 | .008 | (0.008 < 0.05) Hypothesis rejected |

Source: Compiled from collected data and Output generated from SPSS 19

Based on the result generated by SPSS 19, the significant of some of the values of the variable of the marketing problems of the Social entrepreneurs in respect of Local competition, Storage cost, Packaging, Poor quality, Equalization of production and sales and Length of time for selling are less than 0.05. So the null hypothesis is rejected. Hence, there is a significant relationship between the mean score of age of the respondents and of Local competition, Storage cost, Packaging, Poor quality, Equalization of production and sales, Length of time for selling. The other significant values of variables of the marketing problems of Social entrepreneurs in respect of Fixation of Pricing, Price level changes, Government control, Bundling, Marketing Information, Lack of sales forecasting, Lack of market intelligence, Seasonal pricing, Time gap between production and sales are greater than 0.05. So the null hypothesis is rejected. Hence there is a significant relationship between the mean score of age of the respondents and Fixation of Pricing, Price level changes, Government control, Bundling, Marketing Information, Lack of sales forecasting, Lack of market intelligence, Seasonal pricing, Time gap between production and sales.

Table – 5 ANOVA test for religion of the respondents and marketing problems

| Variables of marketing problems | F | Sig. | Result |
|---|--------------|-------------|---|
| Local competition | .565 | .638 | (0. 638 > 0.05) Hypothesis accepted |
| Fixation of Pricing | 1.782 | .149 | (0. 149 > 0.05) Hypothesis accepted |
| Storage cost | 1.677 | .171 | (0. 171>0.05) Hypothesis accepted |
| Price level changes | 2.236 | .083 | (0. 083 > 0.05) Hypothesis accepted |
| Government control | 3.797 | .010 | (0. 010 < 0.05) Hypothesis rejected |
| Packaging | 1.677 | .171 | (0. 171> 0.05) Hypothesis accepted |
| Bundling | 2.236 | .083 | (0. 083 > 0.05) Hypothesis accepted |
| Poor quality | .565 | .638 | (0. 638 > 0.05) Hypothesis accepted |
| Marketing Information | 1.782 | .149 | (0. 149 > 0.05) Hypothesis accepted |
| Lack of sales forecasting | 1.355 | .256 | (0. 256 > 0.05) Hypothesis accepted |
| Lack of market intelligence | 3.760 | .011 | (0. 011 < 0.05) Hypothesis rejected |
| Equalization of production and sales | .565 | .638 | (0. 638 < 0.05) Hypothesis rejected |
| Seasonal pricing | 3.760 | .011 | (0. 011 < 0.05) Hypothesis rejected |
| Length of time for selling | .565 | .638 | (0. 638 >0.05) Hypothesis accepted |
| Time gap between production and sales | 1.355 | .256 | (0. 256> 0.05) Hypothesis accepted |

Source: Compiled from collected data and Output generated from SPSS 19

Based on the result generated by SPSS 19, the significant of some of the values of the variable of the marketing problems of Social entrepreneurs in respect of Government control, Lack of market intelligence, Equalization of production and sales and Seasonal pricing are less than 0.05. So the null hypothesis is rejected. Hence, there is a significant relationship between the mean score of religion of the respondents and Government control, Lack of market intelligence, Equalization of production and sales and Seasonal pricing. The other significant values of variables of the marketing problems of Social entrepreneurs in respect of Local competition, Fixation of Pricing, Price level changes, Packaging, Bundling Poor quality, Marketing Information, Lack of sales forecasting, Length of time for selling, Time gap between production and sales are greater than 0.05. So the null hypothesis is accepted. Hence there is no significant relationship between the mean score of religion of the respondents and Local competition, Fixation of Pricing, Price level changes, Packaging, Bundling Poor quality, Marketing Information, Lack of sales forecasting, Length of time for selling, Time gap between production and sales.

Table – 6 ANOVA test for marital status of the respondents and marketing problems

| Variables of marketing problems | F | Sig. | Result |
|--|----------|-------------|------------------------------------|
| Local competition | .684 | .409 | (0. 409> 0.05) Hypothesis accepted |
| Fixation of Pricing | .001 | .976 | (0. 976> 0.05) Hypothesis accepted |
| Storage cost | 1.002 | .317 | (0. 317> 0.05) Hypothesis accepted |

| | | | |
|---------------------------------------|-------|------|------------------------------------|
| Price level changes | 1.650 | .199 | (0. 199> 0.05) Hypothesis accepted |
| Government control | .388 | .534 | (0. 534> 0.05) Hypothesis accepted |
| Packaging | 1.002 | .317 | (0. 317> 0.05) Hypothesis accepted |
| Bundling | 1.650 | .199 | (0. 199> 0.05) Hypothesis accepted |
| Poor quality | .684 | .409 | (0. 409> 0.05) Hypothesis accepted |
| Marketing Information | .001 | .976 | (0. 976> 0.05) Hypothesis accepted |
| Lack of sales forecasting | .244 | .622 | (0. 622> 0.05) Hypothesis accepted |
| Lack of market intelligence | .837 | .361 | (0. 361> 0.05) Hypothesis accepted |
| Equalization of production and sales | .684 | .409 | (0. 409> 0.05) Hypothesis accepted |
| Seasonal pricing | .837 | .361 | (0. 361> 0.05) Hypothesis accepted |
| Length of time for selling | .684 | .409 | (0. 409> 0.05) Hypothesis accepted |
| Time gap between production and sales | .244 | .622 | (0. 622> 0.05) Hypothesis accepted |

Source: Compiled from collected data and Output generated from SPSS 19

Based on the result generated by SPSS 19, the significant values of variables of the marketing problems of Social entrepreneurs in respect of Local competition, Fixation of Pricing, Price level changes, Government control, Packaging, Bundling Poor quality, Marketing Information, Lack of sales forecasting, Lack of market intelligence, Equalization of production and sales, Seasonal pricing, Length of time for selling, Time gap between production and sales are greater than 0.05. So the null hypothesis is accepted. Hence there is no significant relationship between the mean score of marital status of the respondents and of Local competition, Fixation of Pricing, Price level changes, Government control, Packaging, Bundling Poor quality, Marketing Information, Lack of sales forecasting, Lack of market intelligence, Equalization of production and sales, Seasonal pricing, Length of time for selling, Time gap between production and sales.

Factor analysis for marketing problems of social entrepreneurs KMO and Bartlett's Test

The dimensionality of Marketing Problems was examined using factor analysis based on 12 individual statements and the reliability of the subsequent factor structures was then tested for internal consistency of the grouping of the items.

Table – 7 KMO and Bartlett's Test for Marketing Problems

| | | |
|---|---------------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .832 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1723.977 |
| | df | 15 |
| | Sig. | .000 |

Source: Output generated from SPSS 19

High value of KMO (0.832> .05) of indicates that a factor analysis is useful for the present data. The significant value for Bartlett's test of Sphericity is 0.000 and is less than .05, which indicates

that there exist significant relationships among the variables (Table-1.7). The resultant value of KMO test and Bartlett's test indicate that the present data is useful for factor analysis. Eigen Value represents the total variance explained by each factor. Percentage of the total variance attributed to each factor. One of the popular methods used in Exploratory Factor Analysis is Principal Component Analysis, Where the total variance in the data is considered to determine the minimum number of factors that will account for maximum variance of data. All the statements are loaded on the two factors.

Table – 8 Total variance explained for Marketing Problems

| Marketing Problems | Rotation Sums of Squared Loadings | | | | | |
|--------------------------------------|-----------------------------------|--------------|---------------|--------------|---------------|--------------|
| | % of Variance | Cumulative % | % of Variance | Cumulative % | % of Variance | Cumulative % |
| Local competition | 34.215 | 34.215 | 34.215 | 34.215 | 14.975 | 14.975 |
| Fixation of Pricing | 20.359 | 54.575 | 20.359 | 54.575 | 14.775 | 29.750 |
| Storage cost | 10.137 | 64.712 | 10.137 | 64.712 | 13.868 | 43.618 |
| Price level changes | 7.224 | 71.936 | 7.224 | 71.936 | 12.782 | 56.399 |
| Government control | 2.929 | 89.938 | 2.929 | 89.938 | 4.539 | 89.938 |
| Packaging | 2.614 | 92.551 | * | * | * | * |
| Bundling | 2.287 | 94.838 | * | * | * | * |
| Poor quality | 2.066 | 96.904 | * | * | * | * |
| Marketing Information | 1.459 | 98.363 | * | * | * | * |
| Lack of sales forecasting | 1.260 | 99.623 | * | * | * | * |
| Lack of market intelligence | 3.033E | 100.000 | * | * | * | * |
| Equalisation of production and sales | 7.451E | 100.000 | * | * | * | * |
| Seasonal pricing | 6.307E | 100.000 | * | * | * | * |
| Length of time for selling | -1.311E | 100.000 | * | * | * | * |

Source: Output generated from SPSS 19

Major findings of the study

- ❖ In the primary source data, we have to take the age limits of minimum 18 – 30 to maximum age of 51 and above. This age of 18 – 30 has 33 per cent of respondents, the medium age of 31 – 40 has 27 per cent, and the above age of 51 has 23 per cent of respondents. This shows the difference of 10 per cent when comparing to maximum and minimum age.
- ❖ The status of respondents shows the per cent of married respondents are 60 per cent unmarried are 30 per cent and widows are 10 per cent of total respondents. This shows the higher per cent of married status has sent to married.
- ❖ All over the population, Hindu religion covers 47 per cent, Muslims has covered 35 per cent, Christians has 18 per cent and other religion occupies the remaining per cent of total population. This data shows the majority of Hindu religion.

- ❖ There is a significant relationship between the mean score of age of the respondents and of Local competition, Storage cost, Packaging, Poor quality, Equalization of production and sales, Length of time for selling.
- ❖ There is a significant relationship between the mean score of religion of the respondents and Government control, Lack of market intelligence, Equalization of production and sales and Seasonal pricing.
- ❖ There is no significant relationship between the mean score of marital status of the respondents and of Local competition, Fixation of Pricing, Price level changes, Government control, Packaging, Bundling Poor quality, Marketing Information, Lack of sales forecasting, Lack of market intelligence, Equalization of production and sales, Seasonal pricing, Length of time for selling, Time gap between production and sales.

Conclusion

Marketers of social entrepreneurs need help in formal marketing planning and in marketing in general. Identifying a social enterprise is based on social criteria (priority of social goals, engagement of socially little-protected societal groups, social value creation) and economic criteria (generation of revenues from business activities, financial self-sustaining, social ownership, and profit distribution). Their most significant problem is the inability to ensure their self-sustaining without external funds. A significant share of their revenue consists of donations and subsidies, which means that the analysed organisations only are partially able to solve the problem in a long-term. No support instruments for establishing and developing social enterprises are introduced. As a result, various kinds of support are used: business incubators and own funds. The low labour productivity, the greater consumption of time while training people with a disability, and the complicated labour legislation do not motivate employers to employ such people. It means that special support instruments are needed to develop social enterprises. Tamilnadu has a high potential for developing social entrepreneurship, which is determined by the share of educated people and the potential of unemployed individuals who are able to work as well as the inability of the government to tackle all socio-economic problems. There are several possibilities for developing social entrepreneurship: introduction of tax reliefs, provision of better availability of finances, introduction of study courses and programmes on social entrepreneurship, engagement of business incubators, and introduction of informative support instruments. This issue is still open for interpretation and needs more investigation. They are the outliers of mainstream development process.

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