



## A BEHAVIOURAL AND INDUSTRIAL ANALYSIS OF SOCIAL ENTREPRENEURSHIP IN INDIA AND JAPAN

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### ABSTRACT

Social entrepreneurship has become the popular and attractive word in India and its gaining the attention of so many youths in Japan as well as around the world now a days. Youths have found this concept to solve the social problems because, it has the best mixture of social service and entrepreneurship; this combination makes it most unique in nature and best way to solve the social problems. Usually

entrepreneurship is related to business and economic activities and being ruthlessly profit making and ignoring social benefits or societal wellbeing, but social entrepreneurship has changed the concept of entrepreneurship among the present youth. In the present era of heavy industrialization and economic growth, societal gains have taken back seat or even out of the sight all around the world, including India, with the concept of social entrepreneurship rising in India and developed country like Japan has helped in serving the society in more meaningful manner than ever before. The CSR activity by the major companies are now a days is just a formality and we cannot see the ground level effect, even though the government of India is trying to make CSR a more realistic responsibility for the companies by some government policies but it still need self-realization by the companies for there responsibilities for the society. In this era a revolutionary concept of social entrepreneurship among youths are now looking for their grater roles in helping the society in a way that is both economically and socially beneficial. As the definition of social entrepreneurship itself clarifies that its fine combination of entrepreneurship and societal gains. In recent times, the concept has taken new identities and shapes, and has been accepted among wider areas. The

main objective of social entrepreneurship is that, entrepreneurs should more responsible for society and its well-being than earning profits only. This concept also addresses social need and social innovations in its totality, in the opinion of experts; social entrepreneurship is nothing but identification of social need and addressing that need with a unique social innovation. This is where the social and economic entrepreneurship differentiate with each other, economic entrepreneurship focuses on economic need, on the other hands, social entrepreneurship focuses on social needs. This paper is a detailed study on variety of topics related to social entrepreneurship in India and Japan, including the conceptual framework and process of social entrepreneurship in India and Japan. This research paper also includes the various challenges faced by social entrepreneurs and puts forwards its recommendations to improve the overall situation of social entrepreneurship/entrepreneurs in India and Japan. Research paper further discusses similarity and contrast about social entrepreneurship along Indian and Japanese youths. The paper also explains the concepts like, what is social entrepreneurship? social needs and social innovations from Indian and Japanese entrepreneurship's point of view. Social entrepreneurship has increased its scope and importance in recent years in India and Japan. At last, how social entrepreneurship can change or impact on the social setup and social culture in India and Japan specifically at the bottom of the pyramid level is also underlined in this research paper.

**KEYWORDS:** Social innovation, Social entrepreneurship, Social needs, social entrepreneurs, economic entrepreneurs, Government, India, Bottom of the pyramid.

## 1. INTRODUCTION

Social entrepreneurship has a unique approach in finding solutions to social and developmental problems that also attracts institutional and industrial interest. The process of social entrepreneurship is largely meant to fill the developmental and innovative gaps which “not-for-profit”, “for-profit” organizations, and the state government have not been able to do.

In the last decades, the term ‘social entrepreneurship’ has been appearing in the research. The basis of entrepreneurial activities in the social sector is drawn to cooperatives in Europe, which functioned as a means to fund socio economic agenda (Alter 2007). By the 1990s, the concepts of ‘social enterprise’, ‘social entrepreneur,’ and ‘social entrepreneurship’ emerge in developed nations. The term Social entrepreneurship defined as a process through which social entrepreneurs created social enterprises.

In the USA, the concept of social entrepreneurship has undergone several changes, but the popular view is that social enterprises are dual-purpose business having profit orientation, in socially beneficial activities. Social enterprises in USA mainly have a not-for-profit legal structure, and ‘mediate profit goals with social objectives (hybrids) to non-profit organizations engaged in mission-supporting commercial activity (social purpose organization)’ (Kerlin 2006: 248). In India, there is a progressive environment for social entrepreneurship, with timely change in the legal structure. The government recognizes the problem of legal status of social enterprises, which is a deciding factor for fund raising. The specific nomenclature of “social enterprises” has not often been used in government proceedings. The encouragement of social enterprises by the government comes in the form of involvement in Micro, Small, and Medium Sized Enterprises, backing venture capital funds and policy formulation (ADB 2012). In the last five years India observed tremendous growth in social enterprises, which is because of the Limited Liability Partnership (LLP) Act, 2002, which was to create a new hybrid tax structure. This emerged as emerge an attractive alternative structure for social entrepreneurs as it provided ‘internal flexibility of a partnership with the protective benefits of a corporation’ (Intellect 2010: 22). In Japan, The Japanese have not realized they could do something about the social issues, because they have thought the Government was supposed to take care of those issues. However, recently Japanese awareness of social concern has been changing. The expectation for social entrepreneurship is increasing because they are aiming to solve social issues, such as redevelopment of the under-served local community, and social & economic support to the elderly, women, the homeless and the disabled. In order to combine these social missions and businesses together social innovation is essential.

The above definition is an attempt to capture the essence of social entrepreneurship, without compromising on the urge to provide more definite boundaries. It also makes it evident that one cannot overlook the fact that social entrepreneurship occurs in diverse forms, ranging from NGOs to public services (Yunus 2010). The consumers of social enterprises are very low income people, who have minimum income but maximum demands, social entrepreneurs device such a product or services which can address both the criteria of this market segment which is generally referred to as bottom of the pyramid market. In a nutshell, social entrepreneurship fills the gap which is left unattended by economic entrepreneurship.

Not denying that even socially conscious enterprises too require making profit to sustain their operations. A social business is not a charity. It is a business in every sense. It has to recover its full costs while achieving its social objective. When you are running a business, you think differently and work differently than when you are running a charity. And this makes all the difference in defining social business and its impact on society” (Yunus 2009: 22).

One such example is that of SELCO (Solar Energy Limited Company), which is a social enterprise that provides solar power to the marginal sections of the society to whom grid electricity is effectively unavailable. SELCO is a for profit business (registered as a private limited company) and their investors are more aligned with the mission. They devise innovative solar solutions, like headlamps for midwives, and redesign solar electric products to suit the particular needs of the urban and rural poor. The solutions have made both direct and indirect impacts. One of the direct impacts is an increase in the quality of life that came with the installation of solar energy. And indirect impact can be observed from benefits that could result in economic benefits in the future, several customers received health benefits, which are not there when kerosene or other dirty sources of light and energy is used (Yale School of Management 2009).

The distinguishing factor about social entrepreneurship is that social entrepreneurship, unlike traditional entrepreneurship, has the primary goal of bringing social change, that can be radical or limited, and it is not by the exploitation of a market opportunity to increase personal wealth (OECD 2010: 190). The other distinguish factor in social entrepreneurship that is in the manner traditional and social entrepreneurship defines needs. Traditional entrepreneurs fashion needs to which they offer solutions. In social entrepreneurship, needs are the existing societal needs, to which they provide workable solutions (Yujuico 2008a). These differences suggest that social entrepreneurship works towards enhancing the social well-being akin to non-profit institutions.

However, in all cases social entrepreneurship is able to bring change in the quality of life, which signifies the development perspective of social entrepreneurship.

## **2. Let's understand the meaning of Social Entrepreneurship**

The social entrepreneurship is most applicable in nations which have developmental issues. India being a developing nation has its own social challenges and social developmental issues, where as Japan as a developed country don't have much social challenges but in last

decades Japan is also facing some social challenges like aging population, high work pressure leads to increase in number of suicide attempts by the employees in Japan.

Social entrepreneurship can resolve all the social inequalities which are prevailing in India and Japan. In recent times, some start-ups/new ventures have developed keeping social interests in mind and providing sustainable solution to social issues and earning their profits as well (Yujuico, E., 2008b).

### **3. Who are social entrepreneurs?**

Social entrepreneurs are those entrepreneurs who basically undertake social entrepreneurship. Social entrepreneurs are the people who undertake any social problem or short coming and convert that into a solution cum product. They aim for non-personal profits rather than a profit; the primary objectives of their existence are to serve the society rather than earning profits. In simple terms “Social entrepreneurs Identify and relentlessly pursue opportunities to create sustainable solutions to social problems (Daru, Mahesh U. and Gaur, Ashok 2013).

As per the Asian entrepreneurs “Social entrepreneurs are those adventurous, dare devils who drive deep into the pressing problems of society and try to find solutions to them, not by leaving the responsibilities in the reins of the government or business, but by trying to change systems as a whole and persuading societies to take new initiatives”. The social entrepreneurs of India are changing the vary face of social upliftment by the exceptional work they are doing in the various spheres. As per the Japan’s social entrepreneurs they are also the vary face of social upliftment in Japan and other developing and underdeveloped countries by the exceptional work they are doing in the various spheres.

These social entrepreneurs are making significant differences in the quality of lives of people in rural and semi urban areas, mainly by transfusing innovation and exploitation of business opportunities available locally (Koponen, D., 2012b).

### **4. Major challenges faced by the social entrepreneurs in India and Japan**

Social entrepreneurship, like any other branch of entrepreneurship also faces challenges. All the challenges are either controllable or non-controllable, but all the challenges are manageable. Social entrepreneurship is slightly and somehow fundamentally distinctive to economic entrepreneurship, so are the challenges of social entrepreneurship. In India particularly social entrepreneurship is subjected to many challenges in comparison to Japan.

Japan being a developed country the challenges for the social entrepreneurs are much lesser than Indian social entrepreneurs. Hence, these challenges are preventing the growth and spread of social entrepreneurship in India as against to Japan, who have made the social entrepreneurship a mission. The interesting thing to note down is this; all the challenges which are faced by social entrepreneurs are very different in nature. These all are concerned with mindset rather than based on some physical attribute. Some of the prominent common challenges faced by social entrepreneur in India and Japan are given below.

**4.1 Confusion with social work:** Social entrepreneurship is mostly in India is confused with social work; hence it is unable to make a mark as an individual entity in India. This is starting of challenge for social entrepreneurship.

The concept of social entrepreneurship is not clear among the youths of Japan. They mostly think that social entrepreneurship is just voluntary work or non-profit (NGO) work.

**4.2 The Problem of Creativity, Innovative:** The next problem which is faced by social entrepreneurship is lack of creativity regarding thinking great ideas for betterment of society and earning profits as well (Bielefeld). This fusion is very hard to think and implemented particularly in India.

The Japan, the youths are having the good creativity and great thinking ability, but they don't have much entrepreneurial spirit to implement that idea for the betterment of society and start a new business.

**4.3 Initial funding/ finance:** One of the challenges for entrepreneurs in India is lack of initial funding sources. The social entrepreneurs offering a unique product and set of services make it even harder to get financial support from the established financial institutes or venture capitalists. This is a very bad situation and a considerable reason for the under development of social entrepreneurship in India.

In Japan, the initial funding is not a big problem as comparison to India. But the main problem for the funding is to have a solution for the societal problem and the entrepreneur should convey their message to the funding institutions.

**4.4 Lack of planning and appropriate structure:** This is the challenge which is haunting the entrepreneurs for many decades and still does to some extent. Lack of planning is very crucial, and it is normally the cause of failure of social enterprises or any start-ups. The

proper and adequacy of infrastructure including the training, finance, consultation, and research are not in place for social entrepreneurship in India (Singh, Pratap. Dr 2012).

In case of Japan, the lack of planning and appropriate structure is same as with Indian entrepreneurs which is also hunting the Japanese entrepreneurs from many decades.

**4.5 Shortage of dedicated workforce for social entrepreneurship:** This challenge is faced by every social entrepreneur in India and Japan as well. Generally, people get into jobs to get a handsome salary and perks, but with social entrepreneurship this becomes a bit hard. Since the prime objective of social entrepreneurship is to get social gains/benefits rather than personal gains/benefits. Under these conditions it is very hard to get people to work for the firm. In Japan mostly common youth thinks that social entrepreneurship is like doing a volunteer job or some kind of non-profit work and this could be one of reason in Japan that less involvement of youth in social entrepreneurship.

## **5. Key steps to face social entrepreneurship's challenges effectively in India and Japan**

There is no doubt that social entrepreneurship is subject to many challenges and these challenges are growing with time and dynamics of society (Santos, Filipe. M.A 2009). Social entrepreneurs have to take care and keep note of tiny details to face the prevailing (mentioned above) challenges. Although the list of challenges faced by social entrepreneurship is not completed, some other challenges are there apart from the listed ones. The important proposition is, how to overcome the challenges which are faced by social entrepreneurship in India and Japan. There are some key steps which can be practiced facing the prevailing challenges of social entrepreneurship in India and Japan.

**5.1 Creation of mass awareness:** Steps should be taken to make the mass awareness towards the social entrepreneurship, so that youth/people do not get confused between social entrepreneurship and social work. Media, social media, other vehicles can be deployed for the same. Time to time on proper and prestigious platforms social entrepreneurs must be publicly awarded for their exception/distinct contribution as a social entrepreneur.

**5.2 Social entrepreneurship development programmes or workshops:** Like entrepreneurship development programmes, social entrepreneurship programmes must be organized time to time to help social entrepreneurship. Such organization will help in increasing the overall motivation of social entrepreneurs.

**5.3 Inclusion of social entrepreneurship academic course syllabus:** One of the most effective way of disseminating awareness towards social entrepreneurship is to include a paper/subject on the same at undergraduate or post-graduate level.

**5.4 Providing basic facility and infrastructure:** Government and other stake holders must work on the basic facilities to the social entrepreneurship. These facilities can attract youths towards becoming social entrepreneurs, thus the spread of social entrepreneurship will increase to multi folds.

**5.5 Funding to social entrepreneurs:** If the funding issue of social entrepreneurship is resolved, the maximum level of challenges faced by social entrepreneurs can be managed properly.

## 6. METHODOLOGY

The methodology used for this study includes supplemented by desk research supplemented by questionnaire survey on a sample of 150 youths from India and Japan. Additionally, it builds on face to face interviews with some entrepreneurship those who are running their start-ups in India and Japan. Social entrepreneurship can resolve all the social inequalities which are prevailing in India and Japan. In recent times, some start-ups/new ventures in India and Japan has developed keeping social interests in mind and providing sustainable solution to social issues and earning their profits as well. Japanese social entrepreneurs are solving Japan's social challenges as well as social challenges of other developing or underdeveloped countries also.

The data collection of data is done on secondary basis and the research is strictly done to meet the objectives set previously for the present research. The data and information which is furnished in the study is taken from the various secondary sources and face to face interviews. Various reports and studies, books on social entrepreneurship have been refereed in the present research. The objective of the research is to find the very basic idea regarding social entrepreneurship among the Indian and Japanese youths; the data collection and research methodology have been selected to keep the primary objectives in mind.

## 7. Analysis

The world's second-largest economy is facing several adversities on the entrepreneurial front. The youth in Japan is risk-averse and more oriented towards taking up jobs with large MNCs.

But in comparison with Japan with India, few people in India are motivated to improve their lives by pursuing entrepreneurial opportunities; they more often start businesses because they have no better work option. As per my analysis I can say that the failure is a big stigma in Japan, and I think this is a big hurdle to entrepreneurship for Japan and even for any country. As per Global Entrepreneur Report 2019 - the Japan shows low levels on both indicators, particularly relative to whether entrepreneurship is considered a good career.

In Japan, the TEA (Total Entrepreneurial Activity) rate increased to a level of 5.3% in 2018 from 4.7% in 2017. This is mainly due to the increase of women's TEA to 4.0% from 2.8%. The Abe Cabinet has been paying attention to women's untapped potential so far and has set many policies to develop them. Japan is expecting this trend to keep its present momentum. However, in India, moderate TEA rates combined with 47% innovation levels suggest a demonstrable impact overall (Defourny, J. & Nyssens, M., 2012). All the entrepreneurial growth is the result of governments key initiatives to strengthen entrepreneurship in India include Start-up India, Stand-up India and Digital India. Additionally, the 'Micro Units Development and Refinance Agency (MUDRA) Bank' has given a boost to young people to create new businesses and startups (Yunus, M., 1998). Another significant improvement is the implementation of an online single window system that speeds business approvals and reduces the cost for obtaining permits. For reducing insolvency, India has introduced a new Insolvency and Bankruptcy Code that helps create a favorable climate for existing entrepreneurs. India has also undergone a major tax reform, the Goods and Services Tax (GST), which has replaced many miscellaneous taxes in order to become 'One-Country One Tax' Nation. The initiatives taken by the government during previous years have started yielding positive results.

## 8. CONCLUSION

Social entrepreneurship can change the face of society in India and Japan and with the dedicated efforts of social entrepreneurs the face of society is changing very rapidly, there have been many such examples and projects which run under the banner of social entrepreneurship and proved to be life altering for people of that vicinity. In India especially social entrepreneurship has better prospects as the social problems are at full swing here. In Japan the social entrepreneurship gaining the new trend among the Japanese youths and they are doing great job to solve the social problems of not even in the vicinity of Japan but also

around the world. In social entrepreneurship products and services are designed to make maximum social impact along with making considerable or maximum profits for the firm.

Here the working area of firm is typically the area/region which are generally ignored by big firm of economic entrepreneurship and in a way the product and service offerings of social entrepreneurship is quite unique. If the government and other stake holders can work out the challenges of social entrepreneurship effectively, then social entrepreneurship is beyond any doubt is the most important tool which has the full capacity to change the very face of society in both India and Japan. The study has the following findings.

Social entrepreneurship is a best combination of social service and entrepreneurial skills to look for social problems (Mair, Johanna and Marti, Ignais 2005). Social entrepreneurship has the capacity to socially innovate. These innovations are the exact and creative answer to social issues/problems which are prevailing in India.

Japanese social entrepreneurship has the capacity to innovate the product or services that is creative answer to social issues for the Japan and the world.

There are many examples of social enterprises which are working in India and changing the very face of society in India by their unique offerings, which involves the local expertise to create social values.

Social entrepreneurship is facing a lot of challenges in India and these challenges are very evident as the growth of social entrepreneurship is very low as compared to the other regions in developed nations. Government is slowly realizing the worth and impacts of social entrepreneurship in India and taking proper actions to increase the aptitude of people towards social entrepreneurship.

Japanese youth and small firms are also slowly started realizing the importance of social entrepreneurship and they are taking proper actions to increase the attention of Japanese youth towards social entrepreneurship.

## **9. Limitation and future research**

The present study has certain limitations that suggest directions for further research. First, this study was conducted within two specific countries: India and Japan. Findings and views must be interpreted with caution when attempting to generalise to other contexts or any other

country. Future research should consider the applicability of findings in other countries and cultures. Likewise, in order to see if the results can be generalised, further research should consider the extent to which the relations analysed may occur in other category of sample size (like other than University students), category of entrepreneurship and society. Second, additional outcomes of challenges of social entrepreneurship might be included in the research to reach a better understanding of the challenges of social entrepreneurship process and its consequences. Furthermore, the findings are based on university students' perceptions. Future studies could link these measures with behavioural outcomes or observable metrics, and finally, with firms' financial performance.

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