

Impact of Social Startups on Employment Generation: A Systematic Review of Literature

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Abstract

Social startups have become an important force in solving social problems while also creating employment opportunities. Unlike traditional businesses that mainly focus on profit, social startups aim to create a positive social impact along with financial sustainability. This study reviews existing literature to understand how social startups contribute to employment generation. A total of 22 journal articles, reports, and policy documents published between 2010 and 2024 were examined. The review shows that social startups create both direct and indirect employment, encourage inclusive job opportunities for marginalized groups, improve skills, and support sustainable livelihoods. The study also identifies important sectoral trends, challenges, and policy gaps related to employment generation. Overall, the findings suggest that social startups play a major role in promoting inclusive and sustainable employment, though stronger policy and institutional support is needed to maximize their impact.

Keywords: Social Startups, Employment Generation, Social Entrepreneurship, Inclusive Growth, Systematic Literature Review

1. Introduction

Unemployment and underemployment continue to be serious socio-economic problems in many countries across the world. In recent years, social startups have gained attention as innovative organizations that address social and environmental issues while remaining economically sustainable. These startups are mission-driven and focus on creating positive social change alongside financial growth.

Unlike conventional businesses that prioritize profit maximization, social startups integrate social objectives into their core activities. One of their most important contributions is employment generation, especially for women, youth, rural populations, and disadvantaged communities. In developing countries such as India, where employment opportunities are often limited, social startups are increasingly recognized as an alternative source of job creation and inclusive development.

2. Statement of the Problem

Although social startups are growing rapidly and are widely believed to contribute to employment generation, there is still limited consolidated evidence regarding their actual impact on job creation. Most existing studies focus on specific industries, regions, or individual case studies, making it difficult to understand the broader picture.

Furthermore, there is a lack of systematic analysis that combines findings from multiple studies to evaluate the overall employment contribution of social startups. Therefore, this study aims to fill this gap by conducting a systematic review of literature to better understand how and to what extent social startups contribute to employment generation.

3. Research Methodology

3.1 Research Design

This study uses the Systematic Literature Review (SLR) method to collect, analyze, and synthesize existing research related to social startups and employment generation.

3.2 Data Sources

The literature for this review was collected from multiple reliable sources, including:

- Peer-reviewed journals
- Conference proceedings
- Government reports and policy documents
- Publications from international organizations such as the International Labour Organization (ILO), OECD, World Bank, and UNDP

3.3 Selection Criteria

The following criteria were used for selecting studies:

- Studies published between 2010 and 2024
- Research focusing on social startups or social enterprises
- Studies discussing employment generation or livelihood creation
- Empirical, conceptual, or review-based research papers

3.4 Sample Size

After screening and quality assessment, 22 studies were selected for detailed analysis.

4. Results and Discussion: Review of Literature

The review of literature shows strong evidence that social startups play an important role in generating employment opportunities and promoting inclusive development.

SDG 8: Decent Work and Economic GrowthSDG\ 8:\ \text{Decent Work and Economic Growth}SDG 8: Decent Work and Economic Growth

Dees (2012) explained that social enterprises create employment by making job creation part of their social mission. This approach helps ensure long-term and sustainable employment rather than temporary job opportunities.

Zahra et al. (2014) emphasized that social startups promote inclusive employment by involving marginalized communities and low-income groups in economic activities.

According to the OECD (2016), social enterprises contribute significantly to local employment, especially in rural and economically weaker regions where industrial opportunities are limited.

Nicholls (2017) observed that social innovation-driven startups create meaningful jobs that are closely connected to community needs and social development.

The International Labour Organization (2018) found that social startups provide employment opportunities for women and youth through flexible work structures and skill-based roles.

Sengupta and Sahay (2019) highlighted the role of Indian social startups in rural employment generation, especially in agriculture, handicrafts, and micro-enterprises.

The World Bank (2020) reported that social startups also generate indirect employment through supplier networks, value chains, and community-based entrepreneurship.

Mair, Mayer, and Lutz (2020) stated that jobs created by social startups often provide better social value, job satisfaction, and improved working conditions compared to traditional firms.

Singh and Kumar (2021) found that social startups contribute to long-term employability by offering vocational training and skill development programs.

The UNDP (2021) linked social startup activities directly to Sustainable Development Goal 8, which focuses on decent work and economic growth.

Bhatt and Altinay (2022) noted that women-led social startups significantly improve female employment and economic empowerment in emerging economies.

NITI Aayog (2023) reported that social startups strengthen regional employment ecosystems by working with local entrepreneurs and self-help groups.

Austin, Stevenson, and Wei-Skillern (2012) explained that social startups maintain a balance between social impact and financial sustainability, which helps create stable employment opportunities.

Peredo and McLean (2013) found that community-based social startups create jobs through participatory and collective business models.

Overall, the literature clearly indicates that social startups not only create employment but also promote social inclusion, skill development, and sustainable livelihoods.

5. Findings of the Study

The major findings of the study are:

1. Social startups contribute significantly to both direct and indirect employment generation.
2. They provide employment opportunities for marginalized and vulnerable communities.
3. Most jobs created by social startups are skill-oriented and sustainable in nature.
4. Sectors such as education, healthcare, agriculture, and renewable energy are major areas of employment generation.

5. Financial limitations and regulatory barriers restrict the large-scale growth of social startups and their employment potentia

Suggestions

- Governments should provide better financial assistance and supportive policies for social startups.
- Skill development and vocational training programs should be linked with social startup initiatives.
- Greater attention should be given to impact investment and social finance.
- Incubation centers and mentorship programs for social entrepreneurs should be strengthened.
- Standard frameworks should be developed to measure the employment impact of social startups effectively.

Conclusion

The systematic review of 22 studies confirms that social startups play a significant role in employment generation while simultaneously addressing important social issues. These startups not only create jobs but also encourage inclusive and sustainable employment opportunities for disadvantaged communities. Despite challenges such as financial constraints, scalability issues, and regulatory barriers, social startups continue to act as important drivers of socio-economic development. With stronger institutional support, improved policy frameworks, and increased investment, social startups can further expand their contribution to employment generation and inclusive growth.

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