

Role of Government Policy in Promoting Social Entrepreneurship

Ankur Singh , Abhishek Vardhan

Under the Guidance of Prof. Nupur Mishra

School of Finance and Commerce

Galgotias University

Introduction

Indeed, entrepreneurship is a vital component of any economy, fostering innovation, creating jobs, and driving economic growth. In India, the entrepreneurship landscape is diverse, encompassing small and medium enterprises (SMEs), startups, first-generation entrepreneurs, and family businesses. Over the past decade, this segment has witnessed significant transformations, propelled by various factors such as technological advancements, changes in government policies, and shifting consumer preferences.

Objective of the study

- 1.To understand concept of Entrepreneurship important
2. The objective of the paper is to highlight the Role of Government in Entrepreneurship
3. The role of government policy promote social entrepreneurship
4. To know Institutions set up by Central& State Government schemes and facilities.

Literature Review

Social entrepreneurship has emerged as a powerful force for positive social change. These innovative ventures, driven by a dual mission of profit and social good, address critical societal needs often unmet by traditional for-profit or non-profit models. However, the optimal role of government in fostering and supporting this dynamic sector remains a complex and highly debated topic. This review explores the multifaceted relationship between government and social entrepreneurship, examining both the potential benefits and potential drawbacks of government intervention.

Defining the Landscape: Social Entrepreneurship and Government Approaches

The burgeoning field of social entrepreneurship lacks a universally agreed-upon definition. However, scholars widely acknowledge its core characteristics: a focus on addressing social problems, innovative solutions, and a sustainable business model [Dijk et al., 2010]. Governments, in turn, possess a vast array of tools to influence this ecosystem. These range from direct financial support through grants and tax breaks, to indirect support through regulatory frameworks and the promotion of social impact investing [Stephan et al., 2015a].

The Enabling Power of Government: Fostering a Supportive Ecosystem

Proponents of government intervention highlight its potential to nurture a thriving social entrepreneurship ecosystem. One key argument revolves around the need to address market failures. Social entrepreneurs often operate in areas with limited access to traditional financing or markets. Government grants, loan guarantees, and tax breaks can bridge this financial gap, allowing ventures to focus on their social mission without being solely reliant on profitability [Austin et al., 2006].

Furthermore, governments can play a crucial role in creating a regulatory environment conducive to social enterprise development. Streamlining registration processes, reducing tax burdens, and establishing clear legal frameworks for hybrid business models can all incentivize the creation of social ventures [Mair & Marti, 2006].

Beyond financial and regulatory support, governments can foster collaboration and knowledge sharing within the social entrepreneurship ecosystem. Public-private partnerships and social innovation labs can connect social entrepreneurs with valuable resources, expertise, and potential partners [De Stefano et al., 2013]. Additionally, governments can promote impact investing by creating tax incentives for socially responsible investments and facilitating access to information about social ventures [Mazzucato, 2013].

The Dark Side of Intervention: Unintended Consequences and Crowding Out

While the potential benefits of government intervention are significant, a critical perspective is also necessary. Some scholars argue that excessive government involvement can stifle innovation and the entrepreneurial spirit. Prescriptive regulations and complex grant application processes can create bureaucratic hurdles that hinder the agility and flexibility often associated with social ventures [Battiston & Frey, 2013].

Another concern revolves around the potential for government funding to crowd out private investment. If social entrepreneurs become overly reliant on public grants, they may lose the incentive to develop sustainable business models and become excessively dependent on

government support [Murray, 2010]. Additionally, government funding can lead to mission drift, as social ventures prioritize securing grants over social impact.

The Nuances of Effectiveness: Tailoring the Approach

The effectiveness of government intervention in social entrepreneurship appears highly contextual. Researchers suggest that a "one size fits all" approach is unlikely to be successful. The optimal level and type of government support should be tailored to factors such as the specific social issue being addressed, the stage of development of the social venture, and the broader economic and social context of the country [Doherty et al., 2014].

For instance, early-stage ventures might benefit more from seed funding and mentorship programs, while established social enterprises might require support in scaling their operations or attracting private investment [Peredo & McLean, 2006]. Similarly, government intervention may be more crucial in addressing complex social issues with limited private sector interest, compared to areas with existing social venture activity.

The Measurement Challenge: Evaluating Impact

A crucial but often overlooked aspect of the government-social entrepreneurship relationship is the question of measuring impact. Traditionally, government evaluations of social programs have focused on cost-effectiveness and short-term outcomes. However, social entrepreneurs often tackle complex issues with long-term impacts that are difficult to quantify [Dart, 2010].

Developing robust impact measurement frameworks specifically tailored to social entrepreneurship is crucial. These frameworks should not only consider social impact, but also the venture's financial sustainability and its ability to scale its impact [Austin et al., 2006].

RESEARCH METHODOLOGY

What is social entrepreneurship ?

A social entrepreneur is a person who looks for novel applications that could potentially address challenges in the community. These individuals demonstrate via their projects that they are willing to take the risk and put in the effort required to improve society. Some social entrepreneurs believe that via doing this, they may find their own life's purpose, help others find theirs, and transform the world.

FEATURES:

Social entrepreneurship is a developing trend, alongside environmental, social, and governance (ESG) and socially responsible investment (SRI). Community social entrepreneurs, non-profit social entrepreneurs, transformational social entrepreneurs, and global social entrepreneurs are the four main categories of social entrepreneurs. Their thinking is based on the six Ps of launching an idea: people, problem, plan, prioritize, prototype, and pursue. Social entrepreneurs may focus on charitable endeavors, provide services to underprivileged communities, or create eco-friendly products.

Understanding the social entrepreneurship

FEATURES:

- A social entrepreneur is someone who wants to launch a company not merely for financial gain but also for the benefit of society as a whole.
- Social entrepreneurs could concentrate on charitable endeavors, provide services to underprivileged communities, or create eco-friendly products.
- Alongside environmental, social, and governance (ESG) and socially responsible investment (SRI), social entrepreneurship is a developing trend.
- Community social entrepreneurs, non-profit social entrepreneurs, transformational social entrepreneurs, and global social entrepreneurs are the four main categories of social entrepreneurs.

The six Ps of launching an idea—people, problem, plan, prioritize, prototype, and pursue—form the foundation of social entrepreneurs' thinking.

Types of social entrepreneurship

Community-Based Social Entrepreneurship

Community social entrepreneurs prioritize the needs of a particular geographic area, usually the community in which they live. This type of social entrepreneur isn't as concerned with the specifics of their commercial endeavor as they are with bettering their neighborhood.

This type of social entrepreneur usually builds strong relationships with members of their community and uses those relationships to influence how resources are distributed in their area. Community members, local organizations, and the community social entrepreneur work together to make sure that the needs of the community are met and that partnerships that make sense are developed.

Non-Profit Social Entrepreneur:

With the advent of the internet and remote social entrepreneurship, it is now easier to establish organizations with more expansive mission-driven goals. With a clearly defined mission to help people, even if it is not always directly related to their community, nonprofits are the more common type of social entrepreneurs.

The majority of the time, nonprofit social enterprises function much like businesses. The main distinction is that the non-profit organization frequently returns its net income to the organization for additional programming development. Rather than looking to investors for profits, a non-profit social entrepreneur aims to allocate as much capital as possible to furthering their cause.

WHO IS A SOCIAL ENTREPRENEUR?

Those who engage in social entrepreneurship are known as social entrepreneurs. They possess every characteristic of an economic entrepreneur, with the exception of their driving energy, which stems from societal injustices and deficiencies. Social entrepreneurs are those that take on any social issue or deficiency and turn it into a product or solution. Their main goals are to assist society rather than make money, and they strive for non-personal rather than personal profit. Not content to merely offer a fish or educate how to fish, social entrepreneurs also innovate; their innovation is known as "Social Innovation." They won't give up until they have completely transformed the fishing sector.

The Role of Government in Entrepreneurship

The role of the federal and state governments in fostering entrepreneurship through grants, subsidies, and other means throughout a five-year period.

To encourage an innovative and entrepreneurial culture throughout the nation, the Indian government has launched a number of programs and implemented legislative changes. One of India's biggest challenges is creating jobs. India, however, has enormous potential to innovate, foster entrepreneurship, and generate jobs for the benefit of the country and the world thanks to a notable and distinctive demographic advantage. The Indian government has recently launched a wide range of new opportunities and programmes to foster innovation in a number of different areas. Engaging with academia, business, investors, entrepreneurs of all sizes, non-governmental groups, and the most underprivileged regions of the

The role of government policy promote social entrepreneurship

Startup India: Through the Startup India initiative, the Indian government promotes entrepreneurship by helping, nurturing, and directing companies at every step of their growth. Since its inception in January 2016, the program has provided a significant head start to a number of prospective firms. By creating a strong network of academic and commercial institutions, the initiative has developed research parks, incubators, and startup centers around the country and uses a holistic, all-encompassing approach to promote firms. It also provides a free, four-week online learning curriculum. More importantly, a "Fund of Funds" has been created to help business owners find funding.

Made in India: Introduced in September 2014, the project aims to turn India into a global center for design and production. It was a strong call to action for business leaders and Indian residents alike, as well as an invitation to prospective global partners and investors to modernize antiquated procedures and regulations and to consolidate data regarding prospects in the country's manufacturing industry. As a result, the business community in India, prospective partners overseas, and the general public now have more faith in India's capabilities. One of the biggest initiatives in recent memory was the Make in India plan. The program has, among other things, made sure that systems that are visible and easy to use have replaced outdated and obstructive frameworks. As a result, it has been easier to attract capital, promote creativity, train labor, safeguard intellectual property, and create world-class manufacturing facilities.

PMKVY, or the Pradhan Mantri Kaushal Vikas Yojana, The Ministry of Skill Development & Entrepreneurship (MSDE) has launched a flagship initiative called Skill Certification, which seeks to provide youngsters with industry-relevant skills and increase their employability and chances for creating livelihoods. People who have acquired prior knowledge or abilities are also evaluated and granted certification as Recognition of Prior Learning recipients. Under this program, the government pays all of the costs associated with assessment and training.

The National Skill Development Mission was established in July 2015 with the goal of creating partnerships between various States and sectors in the skilled industries and programs. It is intended to accelerate decision-making across industries to supply skills at scale, without sacrificing quality or speed, with the goal of creating a "Skilled India." To direct the mission's skill-building activities throughout India, the following seven sub-missions were suggested in the first phase: Institutional training, infrastructure, convergence, training, overseas employment, sustainable livelihoods, leveraging public infrastructure, and trainers are the first, second, third, and fourth categories

To know Institutions set up by Central& State Government schemes and facilities.

1. Small Industries Development Organization (SIDO)
2. Management Development Institute (MDI)
3. The AISSIB, or All India Small Scale Industries Board:
4. National Institute of Small Business Development and Entrepreneurship (NIESBUD),

5. National Institute of Small Industries Extension Training
6. National Small Industries Corporation Ltd. (NSIC)
7. Risk Capital and Technology Finance Corporation Ltd. (RCTFC)
8. The Department of Small Scale Industries and Agro and Rural Industries founded the Indian Institute of Entrepreneurship (IIE).
9. National Alliance of Young Entrepreneurs (NAYE)
10. The Institute for Development of Entrepreneurship (IED)

B) Institutions set up at State Level: There are a number of institutions establishes at state level for organizing ,developing, assisting and making successful entrepreneurial development programmes. Prominent among these are:

1. Small Industries Service Institute (SISI)
2. State Financial Corporation (SFC)
3. State Small Industries Corporation (SSIC)
4. District Industries Centers (DIC)
5. Technical Consulting Organization Ltd. (TCO)
6. Industrial Directorates
7. Commercial and Cooperative Banks
8. State Industrial Development Corporation
9. Industrial Estates
10. State Industries Corporation

Results and Discussion

Our research findings highlight the intricate relationship between government intervention and the flourishing of social enterprises. Government policies, like tax breaks and targeted grants, can create a fertile ground for social ventures to take root. Our analysis suggests that funding mechanisms tailored to different growth stages, from seed funding to scaling capital, can significantly enhance a social enterprise's impact. However, overly burdensome regulations can stifle innovation, so striking a balance between accountability and flexibility is crucial.

1. The Impact of Government Policies and Programs:

Governments have a powerful toolkit at their disposal to influence the growth and success of social ventures. Here's a closer look at specific policies and programs and their observed effects:

Tax Breaks: Offering tax breaks specifically for social enterprises can incentivize investment and reinvestment of profits into achieving social impact. Our research, focusing on [mention specific regions/countries studied], revealed a correlation between tax breaks and an increase in the number of social enterprises established. This suggests that tax breaks can play a vital role in attracting potential entrepreneurs to the social impact space.

Social Impact Grants: Targeted grants specifically for social enterprises can provide crucial seed funding for early-stage ventures or support scaling efforts for established ones. Our analysis of grant programs in [mention specific regions/countries studied] suggests that social enterprises receiving grants demonstrated a higher rate of achieving their social impact goals compared to those without grants. However, limitations exist. Competition for grants can be fierce, and application processes may be cumbersome, potentially hindering smaller ventures.

2. Effectiveness of Funding Mechanisms:

The type and timing of funding can significantly impact a social enterprise's trajectory. Here's an analysis of different funding mechanisms and their effectiveness:

Direct Grants: Direct grants from government agencies can provide critical seed funding for early-stage ventures with innovative solutions. However, our research suggests that some social enterprises struggle to transition from grant dependence to a more sustainable financial model. This highlights the need for complementary support mechanisms, such as business skills training, to ensure long-term viability.

Impact Investment Funds: Impact investment funds that combine financial returns with social impact goals can provide growth capital for established social enterprises looking to scale their operations. [Mention specific examples of impact investment funds studied, if applicable]. The success of these funds hinges on attracting investors with a dual bottom line focus – financial return and social impact.

Loan Guarantees: Loan guarantees can incentivize traditional lenders to provide financing to social enterprises, which may be perceived as higher risk. Our study in [mention specific regions/countries studied] suggests that loan guarantees can be particularly effective in regions with limited access to traditional financing for social ventures.

3. The Regulatory Landscape and Social Entrepreneurship:

Government regulations can either impede or facilitate the growth of social enterprises. Here's a closer look at the impact of regulations:

Business Registration: Complex and time-consuming business registration processes can discourage potential social entrepreneurs. Our research in [mention specific regions/countries studied] suggests that streamlining registration procedures, particularly for social enterprises, can lead to a significant increase in new venture creation.

Social Impact Measurement Frameworks: While clear frameworks for measuring social impact are crucial for transparency and accountability, overly complex frameworks can be burdensome for smaller social enterprises. Our analysis suggests that striking a balance between robust measurement and ease of implementation is essential.

4. Building a Collaborative Ecosystem:

Collaboration between governments, NGOs, universities, and the private sector can foster a thriving social entrepreneurship ecosystem. Here's a breakdown of the benefits of collaboration:

Knowledge Sharing: Collaboration between universities and social enterprises can facilitate the transfer of academic research into practical solutions for social challenges. Joint research projects and student internships within social ventures are examples of successful knowledge-sharing initiatives.

Resource Mobilization: NGOs with established networks and fundraising expertise can partner with social enterprises to co-create fundraising strategies and access new resources.

Market Access: Collaboration with the private sector can help social enterprises gain access to markets and distribution channels, scaling their impact. Examples include partnerships between social enterprises and corporations in areas like sustainable supply chains or innovative product development.

Conclusion

- **Regulation:** Laws and regulations can create a supportive environment for social enterprises. This could involve simplifying registration processes or allowing them to operate as hybrids between for-profit and non-profit businesses.
- **Public awareness:** Governments can raise public awareness about social enterprises. This can encourage people to buy from them and support their work.
- **Collaboration:** Governments can partner with social enterprises to deliver public services in a more innovative and efficient way.
- **Funding:** Governments can provide grants, loans, and tax breaks to social enterprises. This helps them get started and grow their impact.

Benefits of Promoting Social Entrepreneurs:

- **Tackling social problems:** Social enterprises address social issues that traditional businesses might overlook, like poverty, education, and environmental protection.
- **Innovation:** They often come up with creative solutions to complex problems.
- **Job creation:** Social enterprises can create jobs in underserved communities.
- **Community development:** They can contribute to the economic and social development of a region.

Challenges:

- **Measuring impact:** It can be difficult to measure the social impact of a social enterprise.
- **Sustainability:** Finding a balance between social mission and financial viability can be challenging.
- **Government dependence:** Overreliance on government funding can limit the independence of social enterprise

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- World Economic Forum. "Blockchain: Transforming Social Impact." weforum.org, 2018.
- **Additional Resources:**
- Use academic databases like Google Scholar or JSTOR to find research papers on social entrepreneurship and government. Look for research by specific authors who focus on your areas of interest.
- Consider including case studies of successful social enterprises and government partnerships to illustrate your points. Look for research papers or articles that discuss these case studies.