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# Social Entrepreneurship and Community-Based Economics: Building Sustainable Futures

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## Abstract

*Social entrepreneurs facilitate social changes by developing new ways to address community problems. In contrast to regular business owners who are focused on the income aspect of entrepreneurship, social entrepreneurs embrace the social change agenda and apply for-profit and nonprofit models to create more socially impactful business through ethical behaviors, such as impact investing and corporate social responsibility. When we speak of community social entrepreneurs, there are focused on the needs of a small geographical area, generally the community where they live. In this case, the precise nature of their entrepreneurial work is less important than the fact that it will benefit their community. Community social entrepreneurs work collaboratively to ensure that the needs of the community are met and that partnerships of value can be formed. Socially minded investors vet new investments based on environmental, social, and governance (ESG) criteria.*

**Keywords:** social impact, community, innovative financing, technology

## Introduction

Social entrepreneurship is different from the notion of entrepreneurship; however, "social entrepreneurship" is not a new idea. In the 2000s, social entrepreneurship is experiencing a growing presence and interest around the world. Social entrepreneurship aims to create value, or at least a positive effect on society, by providing services or products that fulfill an unmet need, or by providing a different approach to social problems. A social entrepreneur finds significance in creating social impact; the operational process itself can often be at least part of the significance. There is a search for how to grow social impact across the entire value chain, often employing and educating disenfranchised groups as a way to fulfill their social mission or as a way to rejuvenate depleted community resources (e.g. housing stock). The nature of social entrepreneurship calls for social missions to be categorized by the specific nature of the missions being addressed at various parts of the value chain to generate social impact. Social entrepreneurs can address resource imbalances and root causes of social challenges, or address stigma in certain social communities. The primary purpose of social entrepreneurs is to achieve broader social good, rather than profitability. An additional skill set that is an essential part of achieving social good is financial acumen.

## The Role of Social Entrepreneurship and Community

1. Driving Innovation for Social Good
2. Strengthening Local Economies
3. Empowering Marginalized Groups
4. Promoting Environmental Sustainability
5. Building Resilience and Collective Well-being

## Three key takeaways for social entrepreneurs

1. **Prioritize Listening-** Before crafting solutions; invest time into understanding the needs, and challenges of the community. Ask open-ended questions, and listen with intention to the responses.
2. **Be Open to Learn and be flexible-** Immersing yourself in the local context fosters trust and creates new collaborative pathways. Engaging in cultural traditions, observing how people live their day-to-day lives, or simply being there, communicates respect and intention.
3. **Invest in Local Leaders-** Support individuals working on challenges in their own communities. Provide resources, mentorship, and funding to grow an effort rather than imposing solutions externally.

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## **Collaboration Between Social Entrepreneurs and Local Communities**

**1. Recognizing shared objectives and goals** - When social entrepreneurs and local stakeholders cooperate successfully, it begins with recognizing common objectives and goals. Both social entrepreneurs and local stakeholders need to or want to achieve similarly, or at least have a well-informed understanding of the community they want to build and the impact they want to make.

**2. Utilizing local knowledge and resources** - Local stakeholders possess unique knowledge about the culture, challenges, and assets in the community. Social entrepreneurs can utilize that knowledge by bringing in local stakeholders and other representatives into their work. By listening to and including local people, social entrepreneurs can learn from local knowledge and have the ability to enhance the relevance and timeliness of their project, while improving the possibilities for sustainability.

Cultivating relationships requires time and hard work, but it is essential in achieving long-term endeavors. Trust can only be developed through open communication, being a good listener, and showing respect toward others. For example, when working with local stakeholders on the decision-making process and valuing their input, social entrepreneurs demonstrate genuine investment in the community's wellness. For instance, a social entrepreneur looking to address a disenfranchised urban area could reach out to local residents, businesses, and government to create a common vision and action plan for the neighborhood. Engaging local communities in the decision-making process fosters trust as well as respects the needs and desires of the local residents.

**4. Exchange expertise and resources** - When social entrepreneurs collaborate with local stakeholders, they add their expertise and resources to the mix. Social entrepreneurs enter with ideas, funding, and innovation while local stakeholders bring their connections and experiential knowledge. Together, they can better combine their resources and expertise to make a greater impact.

**5. Assessment and adaptation of the collaboration** - Ongoing assessment and adaptation are important for effective collaboration between social entrepreneurs and local stakeholders. Regularly assessing progress, evaluating impact, and soliciting feedback from stakeholders will allow collaboration to improve and adapt to changing needs and circumstances. As an example, a social entrepreneur who is trying to create employment opportunities for underserved youth, might partner with local private sector businesses on developing job training programs. With regular assessments and feedback from both the social entrepreneur and the local businesses, areas for improvement can be identified and the program can remain impactful and relevant.

## **Economic Benefits Of Social Entrepreneurship In Local Communities**

### **1. Job Creation and Employment Opportunities**

Social enterprises frequently employ local residents, providing them with reliable income while increasing

employment levels, and allowing locally generated income to circulate in the community.

### **2. Retained Local Wealth**

While large corporations and enterprises tend to leave their profits elsewhere, social enterprises typically reinvest their revenues locally. This contributes to a community's ability to retain wealth and to foster local economies.

### **3. Skills Development and Human Capital Development**

Social enterprises provide training and learning opportunities for employees. This advancement supports employees in gaining new skills, increasing their productivity, and developing skills needed for work or entrepreneurial opportunities.

### **4. Promotion of Entrepreneurship and Innovation**

Social enterprises can introduce new models and ideas for addressing local needs and issues. Their efforts can help inspire others in the local community to launch their own local businesses and pursue innovative ideas, while enhancing entrepreneurship in the community.

### **5. Market Expansion**

By creating new opportunities for local products and services, social enterprises are able to connect small producers in the community to larger and more expansive markets. Therefore, social enterprises help small business owners develop and grow while also providing products and services for additional consumers beyond the local market.

### **6. Reducing Government Spending**

Social enterprises help meet social needs- healthcare, educational services, environmental initiatives, and so on- relieving some pressure from government services and reducing public expenditures.

### **7. Infrastructure and Service Development**

Many social businesses invest in local infrastructure or basic services, such as clean water, renewable energy, and community facilities. Improvements like these enhance peoples' quality of life and stimulate local economies.

## **Government Support and Policy Implications for Social Entrepreneurs**

### **1. National Policy on Skill Development and Entrepreneurship (2015)**

The National Policy on Skill Development and Entrepreneurship (2015) aims to create an entrepreneurial culture throughout the nation and focuses on developing the skills which are necessary to start social enterprises in order to promote innovation and entrepreneurship in the sector.

### **2. Social Venture Funds**

Social Venture Funds are established by the Government of India for financial supporting to social enterprises. This is important in encouraging investment into businesses that produce social impact that means it will therefore foster more entrepreneurs who will engage in social entrepreneurship.

### **3. Pradhan Mantri Mudra Yojana (PMMY)**

Although not intended mainly for social enterprises, the Pradhan Mantri Mudra Yojana (PMMY) does benefit small and micro-enterprises, some with a social attitude. The

Mudra Yojana program offers micro, small and medium enterprises (MSMEs) access to basic and must-have financial services and credit to support their growth and sustainability.

**4. Startup India-** The startup India initiative provides support for the new venture creation and growth (including, social enterprises) program to effectively support new ventures, including initiatives that need to turn social businesses into mainstream entities. This program has been designed so that participants to access financial support including tax incentives, allowing more compliance, and ongoing support around intellectual property rights, which support innovative changes, and reduces burden around regulatory requirements.

**5. National Rural Livelihood Mission (NRLM)-** The National Rural Livelihood Mission (NRLM) is an initiative to promote self-employment and entrepreneurship in rural areas, initiated by the Ministry of Rural Development. NRLM assists in promoting and sustaining businesses that have a social mission and help to improve livelihoods and economic opportunities in less developed areas.

**6. Corporate Social Responsibility (CSR) Rules-** Certain corporations are required by the Companies Act, 2013 to devote a portion of their profits to charitable, social pacts (CSR) activities. This policy provides opportunity for social enterprises to draw funding and support for their socially based enterprises in partnership with large corporate businesses.

**7. NITI Aayog's Women Entrepreneurship Platform (WEP)-** The Women Entrepreneurship Platform (WEP), established by NITI Aayog, supports and facilitates women entrepreneurs, including those running social enterprise initiatives. WEP provides a support platform for networking, bringing together resources, and access to mentorship which is valuable to women in the entrepreneurial ecosystem.

**8. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)-** While it supports wage employment in rural areas, MGNREGA creates opportunities for local economic and social enterprises to collaborate with local government. Through existing MGNREGA initiatives, social enterprises can create programs that address the needs for rural development and wage employment.

**9. National Skill Development Corporation (NSDC) Programs -** The National Skill Development Corporation (NSDC), under the Ministry of Skill Development and Entrepreneurship, has multiple programs supporting skill development. The social enterprises that comprise the skill development sector may be in a position to access these resources, training, and possibility of collaboration.

### **The Future Of Social Entrepreneurs In Local Communities**

1. Growing Demand For Localized Solutions
2. Integration of Technology and Digital Platforms
3. Collaboration with Communities as Co-Creators
4. Alignment with Sustainability Goals
5. Expansion of Hybrid and Collaborative Models
6. Increasing Policy and Institutional Support
7. Challenges to Anticipate

### **Conclusion**

Social entrepreneurs effectuate positive community change. Social entrepreneurship develops value or a betterment condition that has societal value by providing products and/or services based on gaps in unmet need or by taking a different approach to social challenges. When social entrepreneurs collaborate with local stakeholders, they are sharing valuable resources that the stakeholder will benefit from. Social enterprises are an effective employment strategy to empower and socially support local people who need a paid job, a stable income, and employment opportunities to reduce unemployment. Social enterprises help to stabilize local economies by creating paid jobs. Social Enterprises maintain money circulation within the community by hiring local people. Social entrepreneurs are seeking to develop social enterprises that provide essential financial resources to operate and/or scale social change. It can provide access to important funds that invest capital into addressing social issues. Funding resources are valuable to social entrepreneurs who develop socially responsible entrepreneurs. These funding resources open the door to support and align with women-led entrepreneur efforts, giving them the tools to create and network with fellow women entrepreneurs. Which again provides women with a whole new network of mentorship, and access to resources, which is extremely valuable as a female in an entrepreneurial ecosystem? Ministry of Skill Development and Entrepreneurship develops solutions through multiple programs that provide valuable skill development support. For social enterprises that are in the skill development ecosystem, they should look for ways to utilize and/or access those resources in training and collaborations.

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### **Conflicts of interest**

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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