

# SITUATING SOCIAL ENTREPRENEURSHIP IN PUBLIC SERVICE INNOVATION LITERATURE

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## Abstract

*Bureaucracy and governments seldom innovate due to no competition and high costs of failures while businesses innovate to achieve competitive advantage. In such a scenario, social enterprises are quite well suited and well equipped to usher innovations in public services by their dense engagement with the community and viable business models. This effective combination creates new services with the hitherto neglected community at the helm and gives rise to total innovations in public services.*

**Keywords:** *social entrepreneurship, public service, innovation, literature*

Public services are the cornerstones of development in any society. Services like healthcare, education, agriculture, etc. are to be provided by the state. However, with political turmoils, red-tapism, market failures, financial meltdowns and deteriorating environment, governments and businesses are looking for more effective solutions which can keep the aforementioned evils at bay.

One such ray of hope has been the idea of social businesses or social entrepreneurship. As it is defined, social entrepreneurs utilise business skills to address social problems. Socially enterprising people find innovative and novel solutions to complex social problems (Day et al. 2012). Prime examples in India are Arvind Eye Care, SEWA, Agastya Foundation and many others. For instance, Dr. G. Venkataswamy successfully created the cross-subsidy model at Arvind Eye Care, which allows poor patients to get costly eye surgeries for almost no costs. Narayana Health also has adopted this model to reach out to poor patients and successfully scaled up the social business too.

It still is a young field of study and researchers are witnessing a strong growth of social enterprises (Germak and Robinson 2014) around the world that address age-old complex sociological problems of our age through creative and knowledge-intensive business models (Mair et al. 2006). Social entrepreneurship movement has also given rise to a new democratic institution in the garb of Self-Help Groups (SHGs) that impart skills and create business opportunities for hitherto under-served sections of the society, which are largely women.

Social Entrepreneurship and Public Services: The social entrepreneurship research stream lends itself in creating interesting lenses through which to visualize critical socio-economic problems (Zhang and Swanson 2014). It thus makes an effort to fill the interstices that the public administration and business management streams are unable to fill satisfactorily. The need to comprehend social enterprises as an emerging organizational form is being widely felt (Miller et al. 2012). This kind of an organization can play a unique role in the institutional landscape because its special features of a social mission delivered by a business allows it to come up with innovative solutions for societal problems where markets, governments, and traditional philanthropic initiatives fail very frequently (Santos 2012).

Governments and civil society organizations increasingly seem to be overwhelmed with social problems with increasing disparities in resource-constrained settings as well

as communities (Busenitz et al. 2016). In such a scenario, delivering public services like healthcare, education, etc. is a Herculean task that demands total innovation. Social Entrepreneurs invariably look for unjust equilibrium in society unlike typical entrepreneurs who seek suboptimal equilibrium in an area where a business can fill in the interstices. Most social entrepreneurs work in healthcare, education, sanitation and agriculture. The advent of the concept, at least in South Asia, is attributable to the birth and rise of Grameen Bank in Bangladesh. When Dr. Muhammad Yunus scaled up his microfinancing facilities, that too, without any paperwork and collaterals, it kicked off a Self-help movement, which reached India and became a successful model for women entrepreneurs.

These areas of healthcare, education and agriculture are all ideally to be dealt with public service agencies, which typically are government agencies and in some cases, intergovernmental organizations. Although, many Non-profit organizations do operate in these domains, their model is largely built on knowledge and policy transfer from an alien context. However, when social entrepreneurs employ local knowledge and empower the local community, they contribute to community development in a sustainable fashion.

Public Service Innovation (PSI): Abernathy et al. (1993) had given a typology of innovation for for-profit organizations based on the impact the new idea or practice had on the product as well as the impact on the market-whether it remains same or it expands. Using this typology, Osborne (1998) developed a typology of public service innovation, as shown below:

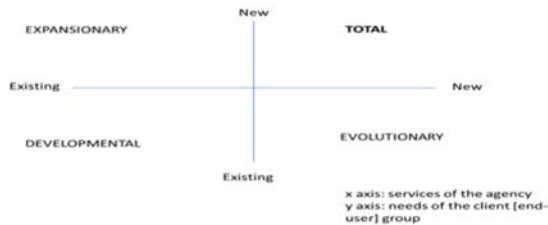


Fig. 1: Public Service Innovation Typology

The problem with bureaucracy getting involving in Total Innovation is that it would mean doling new services to the marginalized section of the society and essentially creating a new agency for that purpose. Total innovation is not unheard in government but it is far and in between. Innovation in governance is a rarity, especially in developing world. It also is largely governed by political will, but the success of the implementation is determined by the competence of bureaucracy. However, irrespective of competence, bureaucracy everywhere in the world suffers from the bane of ‘bounded rationality’. In addition, there are no rewards of innovating in government services, while there are far greater punishments for failed innovations. Private firms, on the other hand, are quite well equipped to usher in total innovation in their services, which, in fact, they do regularly. The whole concept of disruptive innovation points to the ability of smaller and newer firms disrupting the market with an innovation displacing an existing bigger firm. Innovation lends huge competitive advantage to for-profit organizations and thus, firms invest substantially in research

and development. This is true for firms developing products and services alike-for today, products and services are not discernible. Think Uber and Airbnb. In such a scenario, the advent of social entrepreneurs fills this gap quite effectively. The cornerstone of any social enterprise is a social cause, which drives the mission and vision of the enterprise; and yet they develop a business model and earn profits. This takes care of the viability of the operations. They, however, do not have any shareholders to distribute the profit to. In fact, they reinvest the profits to scale up their operations.

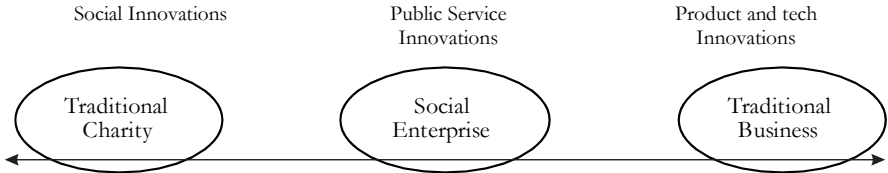


Fig. 2: Business and Innovation Spectrum

### Conclusion

With more and more entrepreneurs looking at real impact rather than monetization of their business ideas, social businesses are experiencing a boom. This bodes well for the shambolic public services in developing world. Social enterprises can tackle wicked problems and grand challenges while making the business financially viable and the services sustainable in the long run.

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