



“Social enterprise is an enterprise whose primary objective is to achieve social impact rather than generate profit for owners and stakeholders. It operates in the market through the production of goods and services in an entrepreneurial and innovative way, and uses surpluses mainly to achieve social goals” (European Union) The major goal of social enterprises is to make a profit in order to chase their social, cultural, economic and environmental goals. The profit from a business can be reinvested with an aim to enlarge its business as well as the profit of a social entrepreneur can exploit to support a social cause. There is an important difference between social entrepreneurs and non-profit organizations based on their aims and goal. Social entrepreneurs are determined by financial as well as social objectives but non-profit organizations work only for social objective. The main source of funds for social undertakings is their business profit while non-profit organizations rely on donations, and charitable aid.

## 2. Literature Review

Madsen (2013) <sup>[21]</sup> in his study on Latin American social enterprises came up with a conclusion that almost 2.4 billion people in the world are still facing poverty with a less than 2\$ per day. As per the research almost 30% of the Latin American population is under this category. The study concluded that the social enterprises are similar to traditional businesses with innovative solutions. Duniam and Eversole (2013) in their research work on Australian social enterprises argued that the appearance of social enterprise signifies that social enterprises are playing a major role in mobilizing the local recourses and reduced market disequilibrium. Castresana (2013) <sup>[5]</sup> in his study on social enterprises aimed to analyse the narratives that promote social enterprises and social entrepreneurship argued that the social enterprises as innovative solutions to obtain economic growth, social development, and environmental sustainability for people. Wilson (2012) <sup>[43]</sup> in his study on the role of social enterprises on vulnerable customers examined the responsibilities of social enterprises in providing fair services to helpless consumer’s mainly low income group. Santos (2009) <sup>[34]</sup> in his work on social enterprises propose a theory aimed at advancing scholarly research in social entrepreneurship. The study suggested that social entrepreneurship is a pursuit of sustainable solutions to problems of neglected population. Seelos and Mair (2004) <sup>[22]</sup> in their research work based on social enterprises and sustainable development tried to clarify the words social entrepreneurship, sustainable development, value creation and needs. Sullivan, Weerawardena and Carnegie (2003) <sup>[41]</sup> in their study argued that social enterprises are growing in importance because of their social and financial objective. The study could find that there is a need for conceptualism of social enterprises to improve the innovative business model and competitive advantages. Davis A. S (2002) <sup>[10]</sup> in his research work on the social enterprises and the socio economic development tried to explore the role of social enterprise in socio economic development. The study

argued that the social enterprise got its power on working in both developing and developed countries, and with traditional and new economy.

## 3. Research Methodology

This study gives attention to the role of Social Enterprises activities on the economic development. This study proposes to find out constitution of social enterprise activities on the economic development of its beneficiaries (households) of social entrepreneurial activities across Bangalore. Convenience sampling method was used for the primary data collection from the beneficiaries of social enterprises settled in Bangalore. The method used to collect data was survey with a structured questionnaire. For the study, questionnaire was distributed to 300 respondents, from whom 252 correctly completed questionnaires have been obtained, yielding a response rate of 84%. 16% were incompletely or partially filled and hence could not be considered for analysis. Statistical software SPSS (Statistical Package for Social Science) was used to investigate data by using frequency distribution, descriptive statistics, correlation, and regression. Information about social enterprises in Bangalore, number of active social enterprises, the performance of the social enterprises and the vague assessment of economic value created by such enterprises were gathered from secondary sources. A pilot study of 30 respondents was conducted. The sample was chosen on the basis of convenience from Bangalore. The respondents were approached personally.

- **Objective:** To analyze the impact of social enterprise activities on the economic development of beneficiaries
- **Hypothesis:**  $H_1$  . There is a significant relationship between social enterprise activities and the economic development of beneficiaries

## 4. Data Analysis and Discussions

Among the surveyed households a single largest category of respondents belonged to the income group of Rs 4001 to Rs 8000 per month (33.5%). 25% of household respondents are coming under the category of Rs 2001 to Rs 4000 per month and 20.2% respondents are belonging to the group of less than Rs 2000 per month. Households who are earning above Rs 8000 per month are 12.7% and the remaining 8.4% is unemployed. Among the households more than half of the respondents were married (53.57%) and the remaining 46.43 % respondents were unmarried. Majority (50%) of the respondents education qualification were primary. 25.39% respondents education qualification were secondary and 19.84% respondents education qualification were more than secondary and 4.7% respondents are illiterates.. Majority of the respondents occupation were waged (27.80%). 21.03% of the respondents were business man, approximately 17.06% respondents were professionals and 10.31% were doing Agriculture activities. Roughly 23.03% of the respondents were included in the category of others mainly home makers and students.

**Table 1:** Mean and Standard Deviation of Level of SE Activities

Level of SE Activities	Mean	Std. Deviation
Training and skill development from SE	3.73	1.113
Product marketing support from SE	3.66	1.042
Employment opportunity from SE	3.90	1.037
Product at discount price from SE	3.75	1.125
Water supply help from SE	3.81	1.085
Education programs from SE	3.99	.986
Total	252	

The survey questionnaire used a five point scale to measure the level of social enterprise activities (1- never, 2- rarely, 3-sometimes, 4-often, 5-always). It could find that amongst all the social enterprise activities the respondents given more importance to education

programs (mean 3.99 and standard deviation .986) followed by employment opportunity (mean 3.90 and standard deviation 1.037) and the rating was least for product marketing support from social enterprise with a mean value of 3.66 and a standard deviation of 1.04.

**Table 2:** Mean and Standard Deviation of Economic development

Economic development	Mean	Std. Deviation
Level of income increased	3.53	.950
Able to Meet different wants	3.18	.988
Started Saving bank account	3.33	.915
Started Post office savings	3.25	.988
Increase in savings	3.53	.844
Renewable energy	3.65	.942
Water for agriculture	3.52	.992
Water for household activities	3.69	.956
Communication facilities	3.68	.983
Able to buy cloth	4.01	.760
Able to buy food	4.18	.816
Able to spend for health	3.63	.770
Able to spend for transportation	3.76	.852
Able to pay electricity Bill	3.80	.897
Able to spend money for social functions	3.27	1.028
Total	252	

The questionnaire used a five point scale to measure the economic development (1- strongly disagree, 2- disagree, 3- neither disagree nor agree, 4- agree, 5-strongly agree). It could find that amongst all the items for the economic development the respondents given more importance to

spending for food (mean 4.18 and standard deviation .816) followed by spending for clothes (mean 4.01 and standard deviation .760) and the rating was least for ability to meet wants of life with a mean value of 3.18 and a standard deviation of .988.

**Table 3:** Correlation analysis - Level of SE activities & Economic Development

		Level of SE activities	Economic Development
Level of SE activities	Pearson Correlation	1	.315**
	Sig. (2-tailed)		.000
Economic Development	Pearson Correlation	.315**	1
	Sig. (2-tailed)	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The table 4.3 displays Karl Pearson correlation coefficients, significance values, and the number of cases with non-missing values (N). The values of the coefficient table are ranging from 0 to 1 and the sign of the correlation coefficient indicates a positive relationship. The total significant value of the correlation coefficient indicates the 99 % confidence. The correlation coefficients on the main diagonal are always 1, because each variable has a perfect positive linear relationship

with itself. The significance of each correlation coefficient displayed is .000 (less than 0.01) means correlation is significant and the two variables are linearly related. The above table explains that there is a positive correlation between level of social enterprise activities and economic development. Since the Karl Pearson value is .315\*\* and it is positively significant, then reject the null hypothesis and accept alternative hypothesis.

**Table 4:** Model Summary Table - Social Enterprise Activities on the Economic Development of Households

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.422	.178	.158	.49034

Predictors: (Constant), education programs, employment, Training and development, water supply, product at a discount price, product marketing support

R<sup>2</sup> serves as an indication of the investigative power or the goodness of fit of the regression model. A good R<sup>2</sup> value is depending on the data set used for the study. R<sup>2</sup> is the amount of differences in the dependent variable (economic development) explained by the set of independent variables (education programs, employment, Training and development, water supply, product at a

discount price, product marketing support). The amount of the variability explained by the predictor variable in the model is 0.178. That means the regression model explains 17.8% variation in the dependent variable economic development by the independent variable that is the level of social enterprise activities.

**Table 5:** ANOVA Table- Social Enterprise Activities on the Economic Development of Households

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.779	6	2.130	8.858	.000
	Residual	58.906	245	.240		
	Total	71.684	251			

Predictors: (Constant), education programs, employment, Training and development, water supply, product at a discount price, product marketing support.

Dependent Variable: Economic development

P value explains the outcome of hypotheses check. In this case significance value denotes the complete collection of independent variables (social enterprise activities that is Training and development, product marketing support, employment, and product at a discount price, water supply and education programs) as a whole. If P value is less than 5% (.05) then reject the null hypotheses and

accept the alternative hypothesis that means the independent variables can predict the dependent variables. ANOVA shows the confidence level of the model. The significant table is indicating significant value (.000) which is less than 0.01 so social enterprises can predict economic development.

**Table 6:** Coefficients Table - Social Enterprise Activities on the Economic Development of Households

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	2.509	.195		12.872	.000
	Training and development	-.010	.033	-.021	-.304	.762
	Product marketing support	.131	.038	.256	3.464	.001
	Employment	.133	.032	.258	4.127	.000
	Product at a discount price	.014	.032	.029	.436	.663
	Water supply	-.067	.032	-.135	-2.093	.037
	Education programs	.083	.035	.152	2.389	.018

Dependent Variable: Economic development

The table 4.6 explains the significant value of each independent variable. As per the rule, if significance value is less than 0.05%, then accept the alternative hypothesis and the independent variable is a predictor of economic development. Water supply, product marketing support, education programs and employment are predictors of economic development and Training and development, product at a discount price are not significantly influencing economic development. Regression equation is Economic development = 2.509 + .131 (product marketing support) +.133(employment) - .067(water supply) + .083 (Education programs).

Carlo & Sara (2012) conducted a qualitative study on Italian social enterprises to understand the different outcomes of the two laws can help in evaluating the process of amongst social enterprises. The study argued

that the role of social enterprises is not limited .The study concluded that the number of social enterprises is increasing and playing role in the economic development to providing jobs.

The model summary table of regression analysis 2, the R<sup>2</sup> is the amount of differences in the dependent variable (economic development) explained by the set of independent variables (education programs, employment, Training and development, water supply, product at a discount price, product marketing support). The amount of the variability explained by the predictor variable in the model is 0.178. That means the regression model explains 17.8% variation in the dependent variable economic development by the independent variable that is the level of social enterprise activities.

Significance value of ANOVA table denotes the complete collection of independent variables (social enterprise activities that is Training and development, product marketing support, employment, and product at a discount price, water supply and education programs) as a whole. If P value is less than 5% (.05) then reject the null hypotheses and accept the alternative hypothesis that means the independent variables can predict the dependent variables. ANOVA shows the confidence level of the model. The significant table is indicating significant value (.000) which is less than 0.01 so social enterprises can predict economic development.

Co-efficient table explains the significant value of each independent variable. As per the rule, if significance value is less than 0.05%, then accept the alternative hypothesis and the independent variable is a predictor of economic development. Water supply, product marketing support, education programs and employment are predictors of economic development and Training and development, product at a discount price are not significantly influencing economic development. Regression equation is

Economic development = 2.509 + .131 (product marketing support) +.133(employment) - .067(water supply) + .083 (Education programs).

### 5. Findings and Suggestions

Social enterprises of Bangalore are working well in helping people to raise their standard of living by providing employment opportunity, education programs. Social enterprises of Bangalore are working well in helping household for economic development, especially to meet the need for food; cloths, social enterprises of Bangalore are helping households to meet their basic necessities of life, but could not meet the wants of households. The value of the coefficient between social enterprise activities and economic development is ranging from 0 to 1 and the sign of the correlation coefficient indicates a positive relationship. The total significant value of the correlation coefficient indicates the 99 % confidence. The correlation coefficients on the main diagonal are always 1, because each variable has a perfect positive linear relationship with itself. The significance of each correlation coefficient displayed is .000 (less than 0.01) means correlation is significant and the two variables are linearly related. The above table explains that there is a positive correlation between level of social enterprise activities and economic development. Since the Karl Pearson value is .315\*\* and it is positively significant, then reject the null hypothesis and accept alternative hypothesis. The research find amongst all the scale for the economic development the household respondents given more importance to spending for expenditure of food (mean 4.18 and standard deviation .816) followed by able to spend for cloth (mean 4.01 and standard deviation .760) and the rating was least for able to meet wants of life with a mean value of 3.18 and a standard deviation of .988. The research found that amongst all the social enterprise activities most important activity is education programs, followed by employment opportunity.

Social enterprises are hybrid business model because social entrepreneurs are neither a business man nor a social worker. So social entrepreneurs have to consider innovation as a weapon to improve the social and economic development of the society, especially BOP (bottom of the pyramid) level people. Social enterprise of Bangalore should go for an immediate action instead of investing resources or time for discussion, analysis, and evaluation. It is better to induce and act to solve social issues and to improve the economic and social condition of the poor.

### 6. Conclusion

Social enterprise's involves social drivers that undertake innovate business operations to function as an auto-sustainable and guarantee the creation, sustainability and guarantee the creation, sustainable, distribution and dissemination of social environmental value. The main motive of conducting this research was to evaluate the role of social entrepreneurial activities on the economic growth of households in Bangalore. The objectives of the study were to identify the contribution of Social enterprises activities towards the economic development and the impact of social enterprises activities on the social development and economic development of households. The study concludes by stating that there is a significant relationship between social enterprise activities and economic development. This result indicates that role of social enterprise activities on the economic development of its beneficiaries is positive.

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