

## Breaking Barriers: Social Entrepreneurship at the Bottom of the Pyramid in Ahmednagar District

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### ABSTRACT

The largest and poorest socioeconomic group in the nation, known as the Bottom of the Pyramid (BoP), is the focus of this research paper's examination of the obstacles to social entrepreneurship. This group has social and environmental concerns, and social entrepreneurship is considered as a method to address such issues. However, social entrepreneurs in the BoP encounter a number of challenges that make it difficult for them to run and expand their firms. These challenges include a lack of access to money, constrained market prospects, scarce human resources, an unfavorable political climate, and inadequate infrastructure. In order to remove these obstacles and establish an atmosphere that supports social entrepreneurship at the BoP, governments, NGOs, and the business sector must work together. Additionally, recognizing the difficulties and challenges faced by social entrepreneurs was a priority. This identification's objective is to assist social entrepreneurs in better comprehending the difficulties they encounter and figuring out how to go around them in order to successfully meet the needs of the target community.

**Keywords:** Social Entrepreneurship, Socioeconomic, Deprived community, Barriers, the Bottom of the Pyramid. Infrastructure, Societal stigma.

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### Introduction:

The idea of social entrepreneurship has grown in popularity in recent years. According to Opportunities et al. (2010), it is the process of developing creative answers to social and environmental issues while producing sustainable economic value. According to Yunus et al. (n.d.), social entrepreneurs are people who use their entrepreneurial talents to found and manage businesses that have an influence on society and the environment.

The pyramid's base (BoP) is a word used to refer to the world's largest and poorest socioeconomic category.(2006) Dees and Anderson About four billion people, mostly in developing nations, are thought to reside at the BoP. The BoP views social entrepreneurship as a means of tackling some of the social and environmental issues that this group faces. However, according to Mair and Mart

(2006), there are a number of obstacles preventing the establishment and development of social entrepreneurship at the BoP. This study aims to investigate the obstacles to social entrepreneurship at the BoP.

According to Richter (2019), "social entrepreneurship at the base of the pyramid, or BoP, refers to the practice of developing enduring and significant businesses that respond to the demands and difficulties faced by the world's poorest and most vulnerable populations." This strategy entails utilizing cutting-edge technology and business strategies to create goods and services that people making less than \$2.50 per day may access and purchase (Street et al. 2010).

The previous ten years have seen a growth in the field of BoP social entrepreneurship. According to C. K. Prahalad, Di Benedetto, and Nakata (2012), it is based on the notion that businesses can be potent agents of social change and that entrepreneurial thinking may be used to tackle some of the world's most serious social and environmental issues. A increasing number of businesses and individuals have adopted this strategy because they view social entrepreneurship as a way to develop scalable, long-lasting solutions that can help millions of people (Coimbatore Krishnarao).

The BoP's social entrepreneurship is distinguished by its emphasis on generating value for all parties involved, including the communities it serves, investors, and employees. This strategy, which is frequently referred to as "creating shared value," calls for a thorough comprehension of the social and economic environment in which the company conducts its operations (C. Prahalad and Hart 1999). To guarantee that the business is in line with the needs and aspirations of the customers it serves, it also calls for a willingness to collaborate with regional communities, governments, and other stakeholders (C. K. Prahalad, Di Benedetto, and Nakata 2012).

The BoP's social entrepreneurship has the potential to significantly influence world development; by establishing companies that can sell goods at low prices. Social entrepreneurs can help reduce poverty, create jobs, and boost the economy by providing goods and services to underprivileged populations. Critical social and environmental challenges including access to clean water, renewable energy, and healthcare can also be addressed with their support (C. Prahalad and Hart 1999).

### **Objectives:**

- To identify and categorize the key barriers encountered by social entrepreneurs in starting and operating their ventures.
- To investigate the challenges faced by social entrepreneurs particularly those at the bottom of the pyramid,
- To study the effectiveness of existing support mechanisms designed to address the barriers faced by social entrepreneurs.

### **Methodology:**

The paper has been prepared to examine and research "Barriers Faced by Social Entrepreneurs at the Bottom of the Pyramid in Ahmednagar District," who fights for the social, economic, and political upliftment of underprivileged communities. The study's approach is a systematic literature review, in which a thorough analysis of prior research papers is conducted in order to gain an understanding of Social Entrepreneurship, the Bottom of the Pyramid, and the impediments experienced before, during, and after their social activity for use for cause. For this study, 112 Social Entrepreneurs from various categories were questioned, and the conversation included some of the recipients of their good deeds.

### **Literature Review:**

In developing nations, social entrepreneurship has emerged as a potential strategy to solving the difficulties of poverty, inequality, and environmental degradation (Dees, 1998). The term "bottom of the pyramid" (BoP) refers to the enormous and underserved portion of the population that lives in poverty and lacks access to essential commodities and services (Prahalad & Hart, 2002). The BoP industry in India is projected to be worth \$4 trillion, and social entrepreneurship has been viewed as a method to tap into this market while also creating social and economic value (Srivastava & Singh, 2015). However, social entrepreneurs working at the BoP encounter a number of challenges that limit their success and effect.

**Socio-Cultural Barriers:** Socio-cultural factors have a considerable impact on adoption, as well as the success of social entrepreneurship activities in Ahmednagar. The establishment and expansion of social ventures might be hampered by social conventions, beliefs, and attitudes towards entrepreneurship, particularly among women (Ahmad, 2017). Furthermore, the BoP population's low levels of literacy, poor health, and limited access to information and communication technologies (ICTs) make it challenging for social entrepreneurs to engage and service their target clients (Ramakrishnan et al., 2016).

Access to cash and financial resources is a major hurdle for social entrepreneurs at the BoP in Ahmednagar district. The lack of legal financial institutions, as well as the high cost of borrowing from informal sources, limits social entrepreneurs' ability to invest in and scale up their businesses (Hossain & Haque, 2019). Moreover, Social enterprises' failure to make revenues and acquire funding from traditional venture capitalists and angel investors restricts their growth and sustainability (Zahra et al., 2014).

Government policies and regulations can have a substantial impact on the establishment and expansion of social entrepreneurship at the BoP in Ahmednagar district. In the lack of a defined legal framework and supportive policies for social ventures, access to markets, resources, and networks can be hampered (Mair & Marti, 2006). Furthermore, the absence of formalization and acknowledgement of social entrepreneurship as a distinct sector may limit its visibility and influence (Dorado & Ventresca, 2013).

**Support Mechanisms:** The availability and efficacy of support mechanisms such as business incubators, mentorship, and networks can also have an impact on the success and impact of a company. of social entrepreneurship in Ahmednagar district. While various initiatives to support social businesses have been created, their impact and reach have been limited, and there is a need to improve the quality and scope of these support mechanisms (Haigh et al., 2015).

### **The Bottom of the Pyramid:**

Prahalad and Hart (2002) established the Bottom of the Pyramid (BoP) idea as a market-based strategy to addressing poverty and inequality in developing countries. The term "below the poverty line" (BoP) refers to a vast and underserved portion of the population that lives in poverty and lacks access to essential commodities and services. In recent years, the BoP has developed as an appealing market opportunity for enterprises and social entrepreneurs seeking to generate social and economic value. The BoP industry is estimated to be worth \$4 trillion, presenting a tremendous potential for firms and social entrepreneurs to enter and create social and economic value (Srivastava & Singh, 2015). Businesses can create profits while also contributing to poverty eradication and social development by providing affordable and accessible products and services.

However, functioning at the BoP poses a number of problems for enterprises and social entrepreneurs. Some of the constraints that impede the creation and expansion of enterprises and social ventures are a lack of infrastructure, poor education quality, and limited access to financing and technology (Prahalad & Hammond, 2002). Furthermore, the BoP industry is highly fragmented, with various client wants and tastes, making it challenging for firms to compete, to create and provide

high-quality products and services (Hart & Christensen, 2002). As a promising method to solving the issues of functioning at the BoP, social innovation has developed. Social entrepreneurs employ new business structures and technology to create affordable, accessible, and scalable products and services with a beneficial social impact (Austin et al., 2006). Furthermore, social entrepreneurs work with communities, governments, and other stakeholders to co-create solutions adapted to the local context and addressing the core causes of poverty and inequality (Nicholls & Murdock, 2012).

The success of social innovation at the BoP necessitates supportive policies and institutions that foster social entrepreneurship. Governments can play an important role. Tax incentives, subsidies, and procurement laws, for example, have an important influence in the formation and expansion of social initiatives (Mair & Marti, 2006). Furthermore, organizations such as incubators, accelerators, and networks can provide the resources, mentorship, and networks that social entrepreneurs require to flourish (Haigh et al., 2015). The BoP market represents a tremendous untapped opportunity for firms to innovate and generate value by supplying low-income consumers with cheap products and services (London & Hart, 2004). BoP consumers have distinct demands and preferences, necessitating the development of novel business models and goods adapted to their individual settings (Srivastava & Singh, 2015). Unilever and General Electric have effectively entered the BoP market by manufacturing low-cost, high-quality products.

While the BoP market represents a tremendous opportunity for firms, it also presents various problems. Lack of infrastructure, access to capital, and insufficient legal and regulatory frameworks can all stymie the development and expansion of firms at the bottom of the pyramid (Prahalad & Hart, 2002). Furthermore, poor levels of education and health, cultural barriers, and insufficient access to information and communication technology (ICTs) can limit opportunities. BoP consumers' ability to interact with and profit from these enterprises (Hart & Christensen, 2002).

### **Social Entrepreneurship at the Bottom of the Pyramid:**

Social entrepreneurship has emerged as a potential strategy to meeting the requirements of bottom-of-the-pyramid consumers while also providing social and economic value (Srivastava & Singh, 2015). Social entrepreneurs work in a range of sectors, including health, education, and energy, and create creative business models to meet the specific requirements of low-income consumers (Dacin et al., 2010). However, social entrepreneurs confront a number of hurdles, including limited access to markets and networks, as well as insufficient legal and regulatory frameworks (Zahra et al., 2014). Social entrepreneurship has arisen as a promising strategy to meeting the needs of low-income communities, particularly those at the bottom of the income distribution pyramid. Social entrepreneurship at the bottom of the pyramid refers to the practice of creating and implementing innovative business models to address social and environmental challenges faced by individuals and communities living in poverty. It focuses on serving the needs of the underserved and marginalized populations, typically those at the base of the socioeconomic pyramid.

Several social entrepreneurs in Ahmednagar district are attempting to provide social and economic benefit for low-income populations. Mann Deshi, a social enterprise created in 1996 by Chetna Gala Sinha, is one such example. Mann Deshi provides financial and business development services to women entrepreneurs in rural areas, where conventional financial institutions are often unavailable (Balkrishna & Gopinath, 2019). Mann Deshi has assisted thousands of women entrepreneurs in starting and growing their enterprises, thereby contributing to the region's economic empowerment of women.

Milaap, a social enterprise launched in 2010 by Sourabh Sharma, is another example. Milaap offers microfinance loans to low-income rural communities, allowing them to start or develop their companies (Milaap, n.d.). Milaap has assisted thousands of individuals in Ahmednagar to access loans and establish livelihoods, thereby helping to poverty reduction and regional economic development.

Other social entrepreneurs in Ahmednagar district include the team behind Svadha, which provides healthcare services to rural areas, and the founders of Khoj, which gives vocational training to disadvantaged youth. Despite their successes, social entrepreneurs at the bottom of the pyramid confront a number of hurdles, including a lack of financing, insufficient legal and regulatory frameworks, and limited access to markets and networks (Zahra et al., 2014). To establish supporting climate for social entrepreneurs to succeed, these issues necessitate innovative solutions and collaboration across government, civil society, and commercial sector actors.

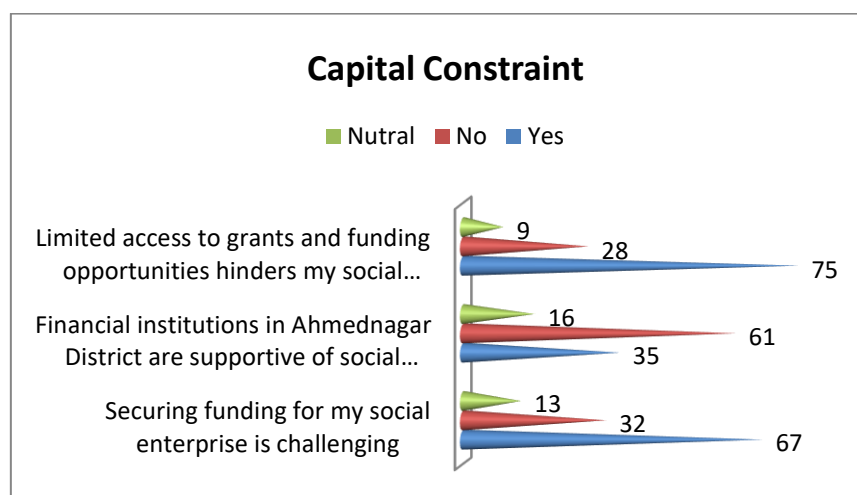
Social entrepreneurs working at the Bottom of the Pyramid (BoP) in Ahmednagar encounter a number of problems as well as chances. In Ahmednagar district, social entrepreneurship has emerged as a potential strategy to meeting the requirements of low-income consumers while also providing social and economic value (Srivastava & Singh, 2015). In sectors such as agriculture, health, and education, Finance, Women Empowerment, Child Abuse and Criminology, social entrepreneurs in Ahmednagar district have built creative business models that suit the special needs of low-income consumers (Srivastava & Singh, 2015).

### Social Entrepreneurship Barriers at the BoP:

Barriers to Social Entrepreneurship at the BoP	
Lack of Access to Capital	Limited access to networks and partnerships
Limited Market Opportunities	Cultural and social barriers
Limited Human Resources	Lack of trust
Lack of Supportive Policy Environment	Limited access to information and technology
Political instability and conflict	Limited Capacity and Expertise

Source: Literature.

### Lack of Access to Capital:-



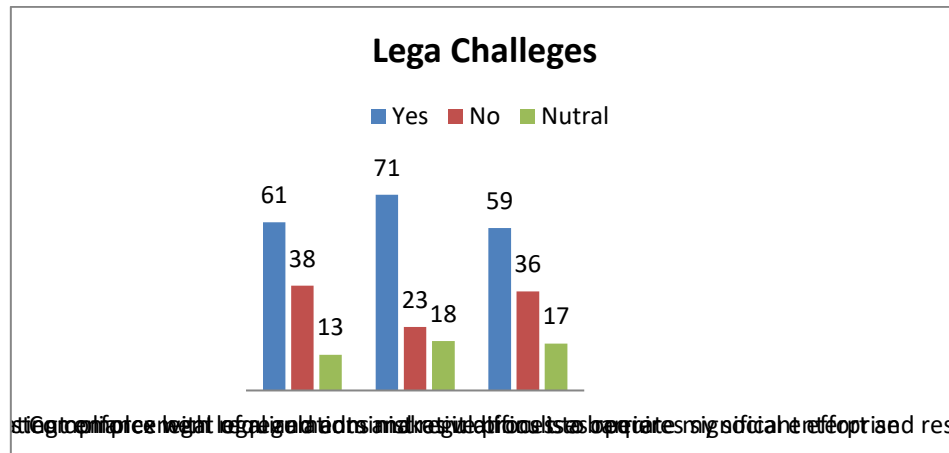
Sources: Primary Data

Lack of capital access to the Social Entrepreneurs facing are one of the most significant problems for at the bottom of pyramid especially in Ahmednagar district of Maharashtra. Reason behind it is the social entrepreneurs have minimal resources and have difficulty getting the financial support from traditional sources such as banks other financial institutions like credit societies and other supporter of investors. These hinders the growth of social activity and it would become challenge in front of the

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Social Entrepreneur. This is because; social entrepreneurs usually lack collateral or have unique business methods that regular lenders find difficult to understand.

### Regulatory and Legal Constraints:

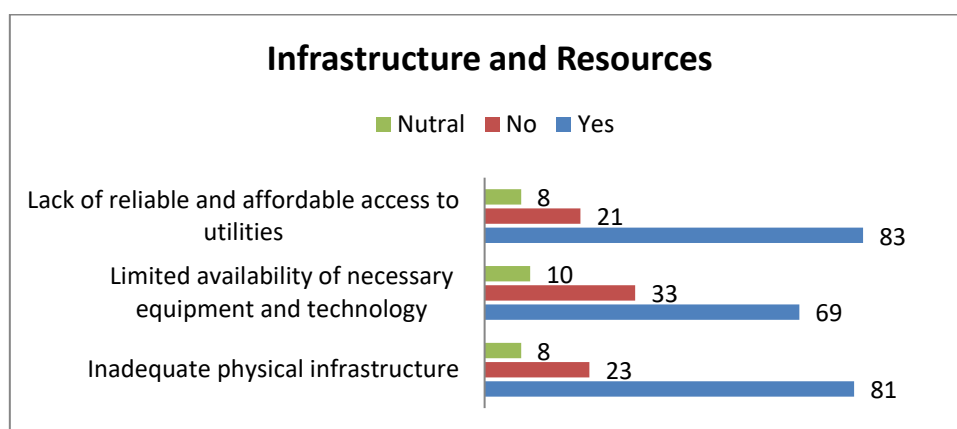


Source: Primary Data

Regulatory and legal limitations can be extremely difficult for social entrepreneurs. While laws by particular government are inevitable to maintain accountability and protect various stakeholders, they can occasionally create weaknesses to the formation and operation of social enterprises. Basically the factor which controls the growth and emergence of social entrepreneurship are legal regulation and enforceable by law given by government, which SEs have to follow and implement impact most. This consists of numerous constraints which have to be considered before, during and after start up by Social Entrepreneurs. Which are like?

- Registration and Adherence
- Fiscal and financial regulations
- Governance and Legal Structures
- Employment and Labour Regulations
- Trademark and Intellectual Property Issues Contractual and Commercial Law Funding and Investment Regulations.
- Government Policy and Assistance

### Limited Infrastructure and Resources:



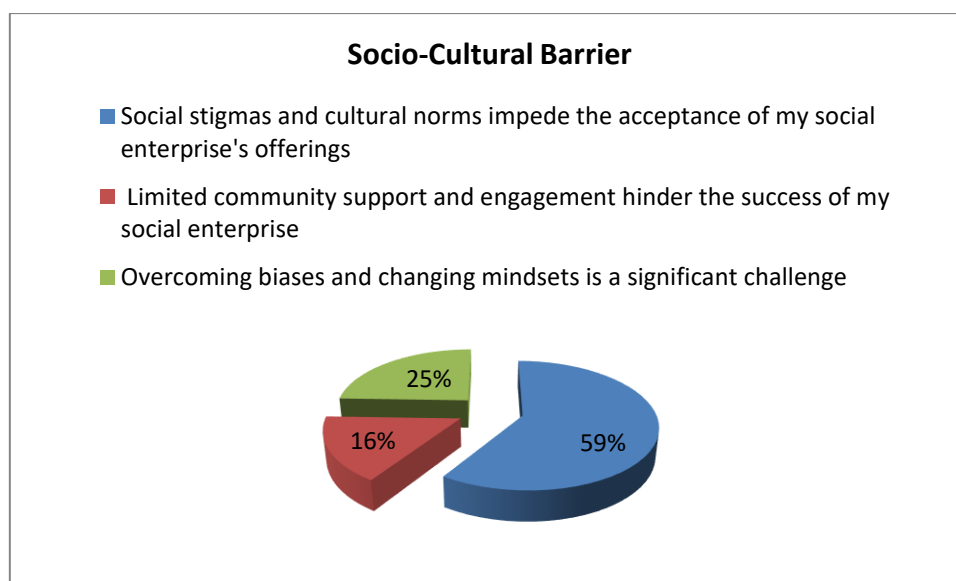
Sources: Primary Data



Limited infrastructure and resources significantly impact social entrepreneurship at different stages of activity by SEs at bottom of the pyramid; as they are unable to get the different utilities at affordable rate and time. Even in the technological advanced era, SEs are still facing the barrier to access the equipment and technology on a time, at the place and in reasonable price. Physical infrastructure is crucial part of Indian Economy due to level of economic development and the geographical location of an area; which affect the availability and quality of infrastructure and resources. Most of SE's are working at Bottom of the pyramid (in rural part of the area for deprived community) they obtain faced greater challenges in accessing basic infrastructure such as roads, electricity, water supply, and telecommunications. The different infrastructure and resources involve following barriers, which have to be considered as a Social Entrepreneur.

- Physical Infrastructure
- Workplace and Amenities
- Information and Technology
- Monetary resources
- Raw Materials and Human Capital Supply Chain
- Policy and regulatory frameworks that promote ecosystem
- Policy and Regulatory Frameworks

## Cultural and Social Barriers:

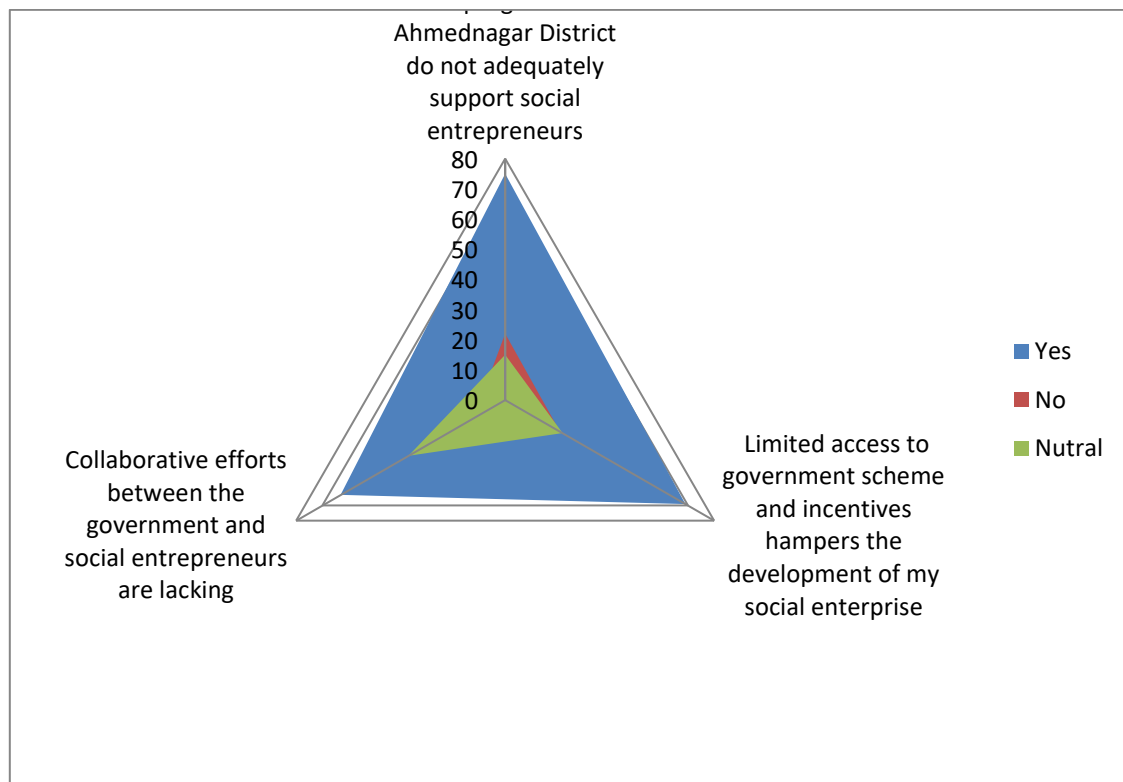


*Sources: Primary Data*

Negative attitudes, ideas, and biases associated with individuals or groups based on social standing, identity, or circumstances might present challenges for social entrepreneurs engaging with these communities. Resistance to change or disbelief towards new solutions rose due to deep-rooted beliefs, lack of awareness, or fear of disrupting social structures. Overwhelming social stigma and building trust within communities may require effective community engagement and sensitization efforts. Negative attitude of society towards Mental and physical health of women, Poverty of particular community, HIV/AIDS disease, individual disability, Gender discrimination were prominent observations at bottom of the pyramid in Ahmednagar district. Norms and Value barriers controls the perceptions and attitudes towards entrepreneurship and social change. Resistance to change or doubt

towards new solutions can arise due to deep-rooted beliefs, lack of awareness, or fear of disrupting social structures. Lack of Awareness and Education creates potential benefits of social entrepreneurship or may lack the knowledge and skills needed to engage effectively with social entrepreneurs. Access to networks, resources, and support systems may be difficult for social entrepreneurs from marginalized areas or regions. A lack of social capital, ties to powerful people or organizations, and restricted access to financial and information networks can all stymie the growth and sustainability of social entrepreneurship efforts.

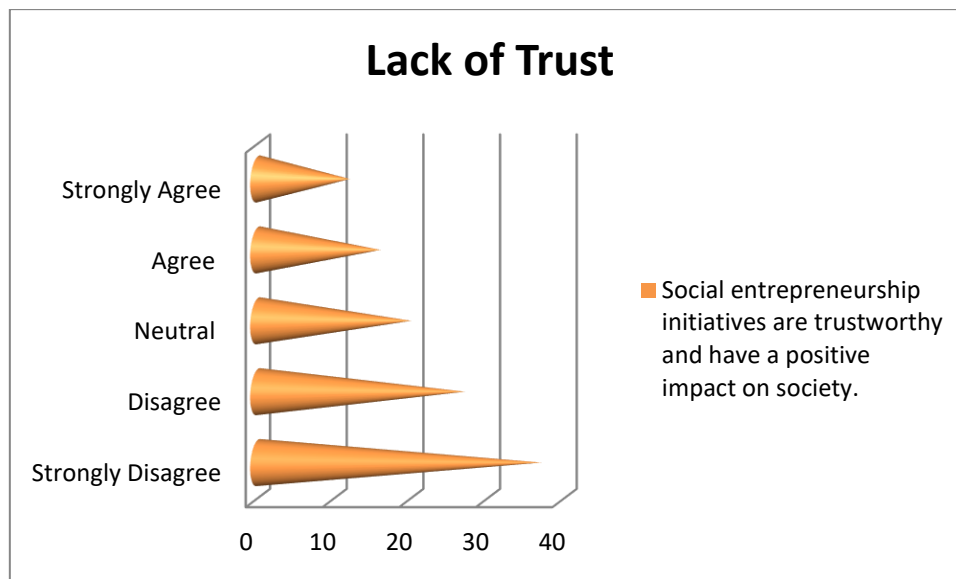
### Government Support Barriers:



Sources: Primary Data

Government assistance has a huge impact on many elements of society. The government had an important part in the overall development of society. The Scheme, grants, subsidies, and financing programmes made available by the government for social enterprises can provide crucial financial resources. Without sufficient assistance, social entrepreneurs may struggle to obtain the cash required to launch or develop their ventures. This can make it difficult for them to invest in infrastructure, acquire expertise, and adopt creative solutions. Most of Social entrepreneurs are facing the issue of government policies and programs and they feels, adequately supported to social entrepreneurs in Ahmednagar District. Even they feels that, they have limited access to government Schemes, grants and incentives hinders the development of their social enterprise. According to the number of Social entrepreneurs Government is lacking in collaborative efforts between the government and social entrepreneurs are lacking in Ahmednagar district.



**Lack of Trust on SE:**

Sources: Primary Data

Building trust with communities at the bottom of the pyramid can be difficult for social entrepreneurs, especially if they are perceived as outsiders or are linked with larger institutions or organizations. This is due to a lack of knowledge or understanding about social entrepreneurship, which leads to skepticism and misconceptions. Some people may criticize social entrepreneurs' feasibility or goals, viewing them as profit-driven or doubting their ability to effect genuine social change. Disbelief like this can erode the credibility and support for social entrepreneurship efforts. The majority of respondents stated that they are dealing with the same issue that renowned activists have been dealing with for many years in society and in their district. It is due to inadequate knowledge and education to the society, that not feeling Social entrepreneurship initiatives are trustworthy and have a positive impact on society. Many people's previous unpleasant encounters with social entrepreneurs or organizations might diminish trust. Mismanagement, misappropriation of funds, or failing ventures can lead to skepticism and reluctance to support future social entrepreneurial endeavors. To regain confidence and overcome such negative perceptions, social entrepreneurs must operate with transparency, accountability, and ethical practices.

**Conclusion:**

Social Entrepreneurship is becoming the life blood of society in nation and world as a well. Though these are paramount, they are facing number of challenges, when they are working in society. Significantly these challenges include a lack of access to money, constrained market prospects, scarce human resources, an unfavorable political climate, and inadequate infrastructure (Physical Infrastructure, Workplace and Amenities, Information and Technology, Monetary resources, Raw Materials and Human Capital Supply Chain, Policy and regulatory frameworks that promote ecosystem, Policy and Regulatory Frameworks). Even the Societal and Socio-cultural barriers like, negative attitudes, ideas, and biases associated with individuals or groups based on social standing, identity, or circumstances might present challenges for social entrepreneurs engaging with these communities.

In order to remove these obstacles and establish an atmosphere that supports social entrepreneurship at the BoP, governments, NGOs, and the business sector must work together. Additionally, recognizing the difficulties and challenges faced by social entrepreneurs was a priority. The

identification of objective is to assist social entrepreneurs in better comprehending the difficulties they encounter and figuring out how to go around them in order to successfully meet the needs of the target community.

Collaborative efforts by the stakeholders (Society, Government and Policy makers and strategic Think tank) to improve infrastructure, enhance access to funding, provide skill development opportunities, and create supportive ecosystems can help overcome these challenges and foster an enabling environment for social entrepreneurship.

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