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Social Entrepreneurship and Its Role in Alleviating Poverty

Periasamy P¹, Ravimohan R²

¹Ph.D, Associate Professor, Saveetha Engineering College (Affiliated to Anna University, Chennai, Tamil Nadu), India

²Ph.D, Assistant Professor, Saveetha Engineering College (Affiliated to Anna University, Chennai, Tamil Nadu), India

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Abstract: Social entrepreneurship has emerged as a crucial mechanism for addressing poverty through innovative, sustainable, and impactful solutions. Unlike traditional business models focused solely on profit maximization, social enterprises aim to generate both social and economic value. This paper explores the role of social entrepreneurship in alleviating poverty by analyzing successful case studies, the challenges faced by social entrepreneurs, and policy recommendations to enhance their effectiveness.

Keywords: Social entrepreneurship, poverty alleviation, sustainable development, innovation, impact investment.

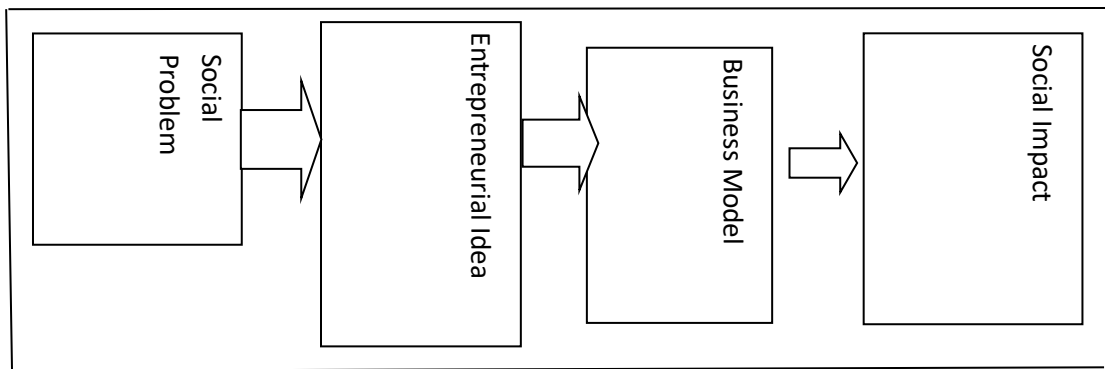


Introduction

Poverty remains a global challenge affecting millions of people despite numerous governmental and non-governmental interventions (Sachs, 2005). Social entrepreneurship provides an alternative approach by leveraging market-driven strategies to create social impact (Dees, 1998). This paper examines how social enterprises contribute to poverty alleviation and assesses their sustainability and scalability (Leal Filho et al., 2025).

Concept of Social Entrepreneurship: Social entrepreneurship refers to the application of entrepreneurial principles to solve social problems⁴. Unlike traditional entrepreneurship, which focuses on profit generation, social entrepreneurship prioritizes social impact while maintaining financial sustainability (Raghu Raman et al., 2025)

Social enterprises operate in various sectors, including education, healthcare, microfinance, and sustainable agriculture.



Source: (SEBS Model, Periasamy P, Ravimohan R,2025)

The Role of Social Entrepreneurship in Poverty Alleviation: Social enterprises play a significant role in poverty reduction by:

Providing Employment Opportunities: Creating jobs for marginalized communities (Elkington & Hartigan, 2008)

Improving Access to Basic Services: Enhancing education, healthcare, and financial inclusion (Prahalad, 2005)

Encouraging Sustainable Business Models: Promoting environmentally friendly and economically viable solutions (Elkington & Hartigan, 2008)

Fostering Innovation: Developing creative solutions tailored to local challenges (Yunus, 1999).

Table 1

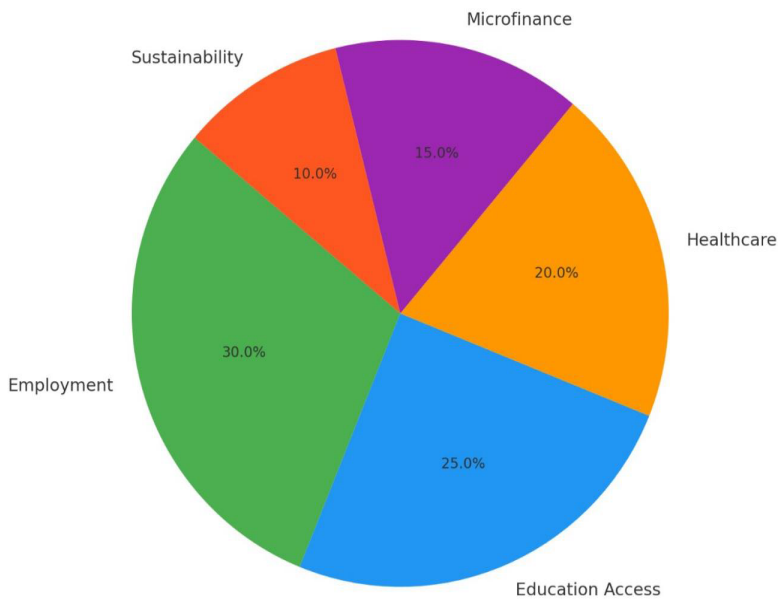
Categories	% Reduction in Poverty
Employment	30%
Education Access	25%
Healthcare	20%



Microfinance	15%
Sustainability	10%

Figure 1

Categories Contributing to Poverty Reduction



Source: World Bank. (2023). World Development Report 2023: Jobs, poverty, and shared prosperity. <https://www.worldbank.org/en/publication/wdr2023>

Case Studies of Successful Social Enterprises Several social enterprises have demonstrated effective poverty alleviation strategies:

Grameen Bank (Bangladesh): Pioneering microfinance to empower small entrepreneurs (World Bank, 2023).

SELCO India: Providing affordable solar energy to low-income households (Barefoot college international, 2025)

Barefoot College (India): Training rural women as solar engineers to promote self-reliancs (Austin et al., 2025)

Challenges Faced by Social Entrepreneurs Despite their impact, social entrepreneurs encounter several obstacles:

Funding Constraints: Difficulty in accessing sustainable financial resources

Scalability Issues: Expanding social enterprises without compromising impact (Kerlin, 2010).



Regulatory Barriers: Navigating complex legal and policy frameworks (Martin & Osberg, (2007)

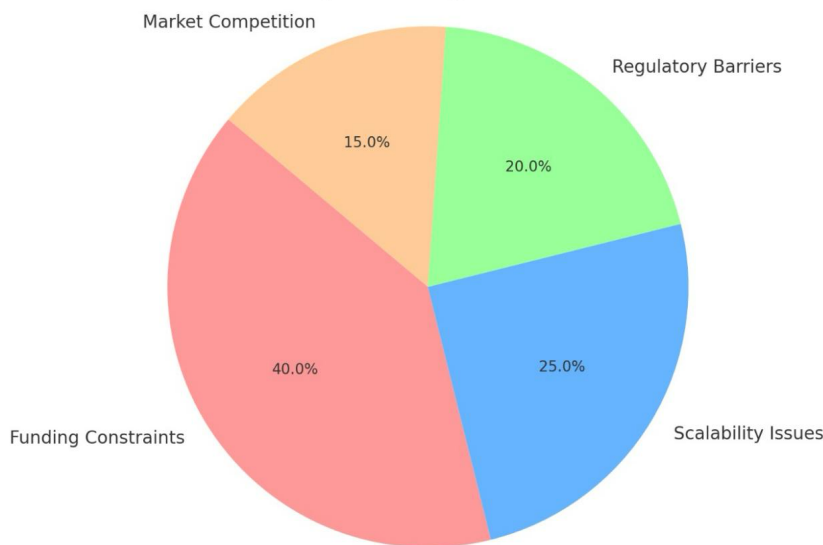
Market Competition: Competing with traditional businesses while maintaining social objectives (Nicholls, 2010)

Table 2

Major Challenges in Social Entrepreneurship

Major Challenges	Percentage of Challenges
Funding Constraints	40
Scalability Issues	25
Regulatory Barriers	20
Market Competition	15
Total	100
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Major Challenges Faced



Source:https://ijarasem.com/admin/img/45_The%20Challenges.pdf.

Policy Recommendations To enhance the effectiveness of social entrepreneurship in poverty alleviation, the following measures are recommended:

Access to Finance: Expanding impact investment and microfinance opportunities (Nicholls, 2010)

Government Support: Providing tax incentives and regulatory ease for social enterprises (Leadbeater, 1997)

Capacity Building: Training programs for aspiring social entrepreneurs NGOs (Dees, 2001).



Public-Private Partnerships: Encouraging collaboration between governments, businesses (Fowler, 2000)

Conclusion

Social entrepreneurship has the potential to drive significant progress in poverty alleviation by integrating innovative, sustainable, and market-based solutions (Mair, Battilana & Cardenas, 2012). By addressing funding challenges, enhancing scalability, and fostering supportive policies, social enterprises can amplify their impact on vulnerable communities. Social Entrepreneurship offers a new avenue for people who want to become entrepreneurs with a social objective in mind.

Future research should explore sector-specific social entrepreneurship models and their long-term socio-economic outcomes (Defourny & Nyssens, 2010)

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