

# Role of MSME Sector in the Promotion of Social Entrepreneurship: A Case Study of Sambalpuri Handloom Weavers Cooperative Society

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Aruna Sharma<sup>1</sup>, Bikash Sethy<sup>2</sup>

## Abstract

The study examines the critical role of the Micro, Small, and Medium Enterprises (MSME) sector in promoting social entrepreneurship, with a particular emphasis on the Sambalpuri Handloom Weavers Cooperative Society. This study examines the cooperative's activities and socioeconomic impact to demonstrate how MSMEs contribute to addressing social concerns while fostering economic sustainability. The case study demonstrates how MSMEs, by aligning business operations with community needs, play an important role in empowering marginalised people, preserving cultural heritage, and creating jobs. According to the findings, MSMEs play an important role in driving social innovation, producing a model for socially responsible entrepreneurship that may be reproduced in similar industries.

## Keywords

MSME, social entrepreneurship, Sambalpuri handloom, cooperative society, economic sustainability, cultural heritage.

## Introduction

The Micro, Small, and Medium Enterprises (MSME) sector is vital for generating economic growth and promoting social transformation, especially in developing countries (Pradham & Munda, 2010). Among the numerous types of entrepreneurship, social entrepreneurship has gained significance due to its emphasis on addressing societal issues while encouraging economic sustainability. This study looks at the convergence of the MSME sector and social

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<sup>1</sup> Assistant Professor, School of Commerce, Gangadhar Meher University, Amruta Vihar, Sambalpur, Odisha. Email: [arunasharma275@gmail.com](mailto:arunasharma275@gmail.com)

<sup>2</sup> Research Scholar, School of Commerce Gangadhar Meher University, Amruta Vihar, Sambalpur, Odisha. Email: - [bikashbutu@gmail.com](mailto:bikashbutu@gmail.com)

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entrepreneurship through the lens of the Sambalpuri Handloom Weavers Cooperative Society. This cooperative in Odisha, India, demonstrates how MSMEs may be essential in uplifting marginalised communities by maintaining traditional crafts, offering employment opportunities, and fostering inclusive growth.

The socio-economic conditions of the MSME sectors have been a matter of concern and action since the beginning of time. The SBHWCS Ltd was established by the late Padmashree K. Acharya in 1930 as a cooperative society of the MSME sector promoting Socio-economic conditions. It is a production cum marketing unit in the handloom sector and is organized in the cooperative framework with a turnover of about 50 crores per annum. About 5628 numbers of highly skilled weavers with 5365 looms are working under 40 production centres of this society along with 90 associated primary handloom societies in the state. It is marketing its product through 43 sales outlets and 11 sales representatives inside and outside the state of Odisha. It is the nearest-to-home example of an organization in the small-scale sector in discharging its social responsibilities by doing better for the masses than the conventional CSR practices (Aggarwal, 2020). This organization has successfully withstood the pressure of competition from the units in the large-scale sector. It did not marginalize in the post-LPG era; instead could ensure its sustainability by turning it around from a loss-making unit to a profitable one over the years. It has been able to upkeep and retain the age-old tradition of western Odisha along with making it an employment-generating source (Kunal Mishra & Tushar Kanti Das, 2020). It has provided sustainable means of livelihood around the year to thousands of people in western Odisha. It also facilitates employment opportunities for differently able people enabling a source of livelihood for all categories of people irrespective of their caste, creed, educational qualification, family background, gender, age, etc. It has been able to establish itself as a globally and nationally acclaimed organization due to the unique and inimitable features of its products and technology (Mahapatra et al., 2019). The production ranges of the society have diversified along with time: tie and dye design sarees, dhotis, lungies, napkins, bed-covers, furnishing materials, dress materials, cotton yarn, mercerized yarn, silk yarn, tusser yarn etc. to about more than 3000 varieties (Mishra & Das Mohapatra, 2020). With the advancement of technology and awareness, it has been able to overcome the limitations regarding pollution due to chemicals and now is focused on environment-friendly dyes which are AZO-free and have quicker results in rubbing and bleaching. It is a cooperative organization of weavers discharging its social responsibilities to itself and all its stakeholders and the society at large. The socio-economic conditions

of the weavers have been analyzed from various primary and secondary data to conclude the report.

The MSME sector, especially through efforts such as the Sambalpuri Handloom Weavers Cooperative Society, has enormous potential for developing social entrepreneurship. By harnessing local resources, maintaining traditional crafts, and addressing socioeconomic gaps, this cooperative has successfully combined entrepreneurial activities with community welfare. The innovative strategy of combining commercial activity and social goals demonstrates how MSMEs may act as catalysts for both economic and social transformation. As the Sambalpuri handloom weavers demonstrate, such businesses not only provide employment possibilities but also promote cultural preservation and elevate marginalised people. This study emphasises the need for additional research and policy support to strengthen the role of MSMEs in encouraging social entrepreneurship, particularly in sectors with a rich cultural legacy. These small-scale firms can continue to make major contributions to sustainable development and social innovation by implementing focused interventions.

### **Literature Review**

Mari (2021) identified that over the past five decades, the Micro, Small, and Medium Enterprises (MSME) sector has become a thriving and active part of the Indian economy. It has a huge impact on the country's economic and social growth by encouraging entrepreneurship and creating jobs at a lower capital cost, second only to agriculture. Khan et al. (2024) opined that entrepreneurship is a key driver of economic growth and employment. The government responds by providing numerous business aid initiatives. The MSME sector is a key driver of economic growth in India. It promotes entrepreneurship and leads to the second-highest number of job opportunities. (Srivastava, 2020) found that the MSME sector, comprising 63 million 380,000 enterprises, accounts for over 40% of exports, 28% of GDP, and employs approximately 11 million people. It plays a significant role in the growth of the Indian economy. Rakesh Meher et al. (2024) investigated that handloom weavers and textiles have a significant role in shaping India's traditions, customs, and culture. This industry fulfils a basic human need, contributes significantly to GDP and exports, and employs thousands in rural and urban areas. Ramswamy & Kumar (2013) found that the handloom sector employs 27.83 lakh households in India, contributing significantly to the country's economy. Rural women account for over 77% of the workforce. Suryanarayanan & Ramswamy (2022) found that the B.Voc Handloom course provided valuable education and expertise in hands-on handloom skills, entrepreneurial and leadership experience, marketing and networking exposure, and fund management. However, some students continue to hold

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stereotypes. Sensitisation sessions on 'Women's Empowerment and Gender Studies' are required to help students reconstruct structural inequities and patriarchy. Chhabra et.al., (2022) studied the factors affecting the adoption of slow fashion- An Exploratory Study of Multiple Stakeholders. The study identified the constraints and support factors that influence the adoption of slow fashion, particularly Indian handloom. The handloom sector is gradually declining, providing issues for stakeholders throughout the value chain. Bhowmik (2021) noticed that handloom weaving is a labour-intensive enterprise that requires minimal capital input. Handloom weaving is more environmentally friendly than power looms, as it does not require industrial electricity use. Individual handloom weavers face challenges in today's competitive market, including access to high-quality hank yarn at affordable prices, marketing opportunities, affordable credit, technological advancements, innovative designs, and insurance coverage. Mondal (2015) examined that the handloom business has a significant impact on the culture and socioeconomic development of rural communities in the North-eastern states. The craftspeople belong to various castes and communities. Women make up the majority of workers in this industry. Approximately 99% of weavers are women. All handloom clusters/units are part of the micro and tiny industry. Tarai (2020) found that skilled and semi-skilled weavers are interested in becoming entrepreneurs if they have access to a better credit system, local trend forecasting, technological advancements, regular quality training, stakeholder ownership, and an incubation centre. Many master weavers complain that their lack of entrepreneurial status prevents them from receiving government subsidies, even if they currently run handloom firms. Khan (2022) conducted a study on the Socio-Economic condition of Handloom weavers-A case study of ChiralaMandal, Andhra Pradesh. The study found that handloom is India's largest cottage industry, preserving and promoting the country's rich cultural history. Indian artists are globally recognised for their hand-spinning, weaving, and printing techniques. Chirala Mandal is a hub for handloom in Andhra Pradesh. Although the plight of Chirala's weavers has received national attention, there has been little action taken by professionals to address the matter. Venugopal et al. (2023) noticed that the handloom weavers face harsh living conditions throughout India, and their goods are not always sustainable. Despite numerous attempts to revoke the sector through plans and initiatives, weavers' livelihoods remain at risk. Weavers' living conditions are negatively impacted by factors such as unorganised operations, product diversifications, credit needs, raw material shortages, low returns, and marketing issues. Ahmed & Sheereen (2022) indicate that males with limited education hold the majority of industry employment. Weavers face various challenges, including financial constraints, poor working conditions, low wages, rising yarn

prices, insufficient government support, and limited domestic demand and market. Poor execution of plans results in inadequate distribution of funds and resources to those in need. Effective planning and implementation are crucial for ensuring that facilities are well-used by the community. Das (2021) identified that Sambalpuri handloom craftsmen include designers, tiers, dyers, and weavers. Each artisan possesses unique skills. According to the binary choice model, families with more members prefer to work with a master weaver or merchant. Weavers are not responsible for promoting their handloom products. Weavers here earn a low mutually agreed-upon salary. Kishnani (2021) identified that in emerging economies, philanthropic activities are limited to specific industries or geographic areas due to low economies of scale in management and operations over time. There is a lack of awareness, requiring actions to enhance attention to the issue. The study offers strategies to achieve both gender equality and economic goals, including financial inclusion.

Despite the growing body of literature on MSMEs and social entrepreneurship, there is still a considerable vacuum in understanding MSMEs' specialised role in encouraging social entrepreneurship in traditional, craft-based industries. Much of the previous research focuses on MSMEs' economic contributions or social entrepreneurship in high-tech or service sectors, leaving a gap in understanding how MSMEs in culturally significant industries such as handloom weaving contribute to both economic and social results. The Sambalpuri Handloom Weavers Cooperative Society, with its twin focus on cultural preservation and community upliftment, presents an unusual instance for investigating this interaction. By examining this cooperative, the essay hopes to fill a gap by providing insights into how MSMEs in heritage-based industries might act as catalysts for social entrepreneurship. This research will help to gain a better understanding of how traditional crafts can be used to promote social change, broadening the scope of MSME and social entrepreneurship research. The objective of this study is to examine the role of the MSME sector in encouraging social entrepreneurship, utilising the Sambalpuri Handloom Weavers Cooperative Society as a case study. It seeks to investigate how MSMEs can balance economic sustainability and social impact by preserving traditional crafts, creating jobs, and empowering marginalised communities. The study aims to assess the cooperative's contributions to cultural preservation, gender inclusion, and community development, as well as highlight the problems and opportunities that MSMEs confront in the heritage-based business. Finally, it attempts to emphasise MSMEs' larger potential as drivers of social entrepreneurship and inclusive growth.

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## Methodology

This study is based on a qualitative case study, with the Sambalpuri Handloom Weavers Cooperative Society serving as a model of MSME-driven social entrepreneurship. In-depth interviews with cooperative members, craftsmen, and management were conducted to gather primary data about the cooperative's activities, social impact, and issues. Secondary data from government papers, academic literature, and market studies were analysed to place the findings into the larger MSME and social entrepreneurship frameworks. The case study method provides for a thorough examination of how MSMEs might balance social goals with economic viability in heritage-based businesses.

## Results and Discussions

The case study of the Sambalpuri Handloom Weavers Cooperative Society reveals MSMEs' diverse role in encouraging social entrepreneurship. First and foremost, the cooperative has been successful in providing a sustainable life for local weavers by offering consistent employment and fair salaries. This economic stability has been achieved because of the cooperative's capacity to react to market changes while retaining traditional handloom processes that are important to the region's cultural character. The cooperative's economic resilience has grown as a result of its expansion into local and international markets. The participation of marginalised groups in this firm has not only empowered local craftspeople but has also generated a sense of communal ownership and self-reliance, both of which are important features of social entrepreneurship. Thus, the cooperative serves as a model for MSMEs seeking to reconcile profit and social impact.

Furthermore, the cooperative's emphasis on preserving the Sambalpuri handloom tradition benefits social entrepreneurship by supporting cultural heritage. In an era of fast industrialisation and mass manufacturing, the cooperative has preserved the authenticity of ancient weaving processes, ensuring that the region's cultural heritage is not lost. In doing so, it addresses a crucial societal issue: the extinction of indigenous creative forms and livelihoods. The cooperative's endeavours to train younger generations of weavers have also played an important role in passing on these abilities and safeguarding the craft's long-term survival. This incorporation of cultural preservation into its economic strategy underscores MSMEs' ability to serve as platforms for social innovation. This case study demonstrates that MSMEs in heritage-based industries have a unique ability to integrate economic activity with the preservation of cultural identity, adding a new dimension to the notion of social entrepreneurship.

Lastly, the cooperative's efforts to promote gender equality are significant. Women make up a sizable share of the workforce, with many coming from marginalised backgrounds. By providing them with job opportunities and training, the cooperative has enabled these women to contribute to their families and achieve financial independence. This component of the cooperative's operation is consistent with the overall social entrepreneurship goals of inclusion and empowerment. Women who were previously limited to household responsibilities now have access to secure incomes and skill development, altering the socioeconomic fabric of their communities. Furthermore, the cooperative promotes democratic decision-making and shared ownership, ensuring that the advantages of its success are spread fairly among its members. This inclusive strategy strengthens the cooperative's function as a social company by demonstrating how MSMEs may promote gender equality, social cohesion, and economic development.

In conclusion, the Sambalpuri Handloom Weavers Cooperative Society demonstrates how MSMEs can drive social entrepreneurship, particularly in culturally significant areas. The cooperative's ability to strike a balance between commercial viability, cultural preservation, and social empowerment makes it a role model for MSMEs seeking to contribute to sustainable development. This case study demonstrates that MSMEs when matched with social aims, can have long-term economic and social impacts on local communities.

### **Conclusion and Policy Implications**

The Sambalpuri Handloom Weavers Cooperative Society case study demonstrates the important role that MSMEs can play in encouraging social entrepreneurship, particularly in cultural heritage-related industries. By providing sustainable livelihoods, preserving traditional crafts, and strengthening marginalised communities, the cooperative exemplifies how MSMEs may effectively balance economic and social aims. The cooperative's success in adjusting to market forces while keeping its cultural authenticity demonstrates heritage-based MSMEs' unique ability to manage both economic and social difficulties. Furthermore, the cooperative's emphasis on female inclusion and collective decision-making highlights the significance of equity in the development of social enterprises. This study reinforces MSMEs' capacity to stimulate social entrepreneurship and serve as catalysts for inclusive growth and sustainable development. The findings indicate that MSMEs in culturally significant industries when supported by the appropriate policies and resources, can contribute not only to economic growth but also to broader societal reform.

The findings of this study have substantial policy implications for supporting social entrepreneurship in the MSME sector, particularly in heritage-based businesses such as handloom weaving. First, there is a need for government policies that give financial assistance,

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talent development, and market access to MSMEs involved in cultural preservation and social empowerment. Tax breaks, subsidies, and low-interest loans can help cooperatives like Sambalpuri Handloom Weavers develop their business and access new markets. Furthermore, policymakers should prioritise capacity-building initiatives, particularly for marginalised groups such as women and rural artisans, to improve their entrepreneurial abilities and involvement. Facilitating access to global markets through digital platforms and trade fairs can also assist MSMEs in conventional industries to succeed in a competitive climate. Furthermore, encouraging collaboration among MSMEs, social entrepreneurs, and non-governmental organisations (NGOs) can increase the social effect of these businesses. Overall, governments should recognise MSMEs' dual economic and social roles and create frameworks that support their ability to foster equitable growth while preserving cultural heritage.

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