Conference Submission Track: Social Entrepreneurship, Corporate Social Responsibility, and Creating Shared Value (CSV)

Title: Conceptualization of Social Entrepreneurship in India

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Short Abstract:

This paper aims to conceptualize the complexity and diversity of the term Social Entrepreneurship in the case of India as the wide scope of social entrepreneur activities can offer new important insights and lessons to developing and mature economies. In a later stage the authors aim to compare the case of India with the case of Japan to show how two very contrasting cases can learn from each other.

This is done to compare and contrast these cases in a later stage with the city of Tokyo, a major city in the matured economy of Japan, to show that a wide scope of social entrepreneur activities is necessary for ordinary people to secure livelihood and survival. The complexity and diversity of different micro social enterprises (studios, ateliers, factories, shops and residences) can allow both cities to rely on the potential and power of social entrepreneurship if different stakeholders incorporate the voices of different residents, entrepreneurs and customers.

The results show that there are different challenges that social entrepreneurs in Mumbai, India face, as their situations are often unpredictable, constantly changing and hard to control as they for example cannot rely on clear guidelines and support from the government. Furthermore, many social entrepreneurs still focus too much on traditional sectors, whereas the new emerging sectors offer new chances.

1. Introduction

India is one of the most vibrant emerging economies today and with its 1.2 billion people will soon be the world's most populous country. The country is plagued with a magnitude of development problems; underdeveloped infrastructure, 35% of people living below poverty line, 70% of population lacking basic sanitation facilities, resulting in a poor 135th rank on the HDI (2013) suggesting that a significant percentage of the population cannot access basic human needs.

The last few decades have seen a significant surge in the number of Social Enterprises in India for the same reasons as witnessed in several other countries. Baviskar (2001) noted that since the last 2 decades NGOs have become very prominent and that this coincides with the end of developmentalism as a responsibility of the state and the rise of post development neo liberal political economy. Apart from causes like the wide-spread loss of confidence in the previous ruling government, spread of social networking and growing influence of the media in spreading awareness of social and developmental problems, an important factor in operation has been the innovative (jugaad) mindset of Indians that extends frugal solutions to people excluded in the development process.

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new important insights and lessons to developing and mature economies. In a later stage the authors aim to compare the case of India with the case of Japan to show how two very contrasting cases can learn from each other.

2. Aims

i. To identify the nature and pattern among Social Enterprises in India
ii. To identify what kind of lessons (theory and practices) could emerge from the functioning of Social Enterprises in India for other developing countries.
iii. To compare and contrast the conceptualization of Social Enterprises in India with their Japanese counterparts. (which will be attempted in the next stage by the authors)

The paper aims to focus on these aims to conceptualize this phenomenon drawing on existing literature and new cases to illustrate its context specific nature, and derive implications which show that a dynamic and diverse social entrepreneur landscape can help developing as well as mature economies to find new ways out of existing problems.

3. Literature Review

The concept of Social Entrepreneurship is a recent one that emerged in the different context of Europe and USA around two decades ago. Originally designating only non-profit corporate bodies, it expanded in the US to cover regular businesses that apply operating income to any cultural, environmental or philanthropic cause. According to Tyson (2004) a social entrepreneur is someone driven by a social mission and a desire to find innovative ways to solve social problems that have been neglected by either the market or the public sector.

3.1 Origin of Social Entrepreneurship in India

India has a long history of volunteerism dating back to 1500 BC in the Rig Vedas. Then, volunteerism was an important source of welfare and development. Chakraborty (1987) found that the orientation of 'giving' and the need to fulfill one's duty towards the society (as opposed to fulfilling individual needs) is deep-rooted in Indian social values and identity. Similarly, McClelland (1975) found that Indians have a social achievement motivation, which is characterized by a desire for contributing to the collective well-being and achievement of super-ordinate goals.

Back as in the 19th century, the then government of India had enacted two separate acts – the Societies Registration Act, 1860 and the Indian Trusts Act, 1882 – which were aimed to regulate and to provide legal status to not-for-profit entities which existed for the benefit of the society. Similarly, the Indian Trusts Act, 1882 was created for charitable entities which could have been established for a number of purposes, including the poverty alleviation, education, medical relief, provision of facilities for recreation, and any other benefit to the general public. The enactment of these two acts shows that by that time, such organized efforts had reached a critical mass which was large enough to necessitate creation of a legal framework to recognize their existence.

Around the Indian independence movement in the first half of the 20th century, voluntary movement gained impetus from Gandhi who believed in voluntary action and principles like trusteeship, swadeshi as the only path to India's development. Gandhi's ideas were carried forward by his followers, such as Vinoba Bhave and his Bhoodan movement (Land Gift

Movement) or Baba Amte and his legendary work of providing means of livelihood to physically and socially challenged people of India.

India's 6th five year plan (1980-85) recognized the important role of NGOs and listed nine areas for their participation in development such as water management, social welfare programs for weaker sections, promotion of ecology and tribal development, disaster preparedness etc. And since 2005 India has witnessed a considerable growth of social enterprises, many financed by the increase in availability of impact investment funding. India's vibrant SE space is young in terms of years of operation, and nascent in terms of revenue size per enterprise. According to Beyond Profit 2010 survey, about 68% of social enterprises in India have been in existence for five years or less. Furthermore, annual revenue for about 90% of these enterprises is $500,000 or less. 1/5th of the social enterprises are not-for-profit entities like Arvind eye care , 3/5th are for-profit entities, remaining are hybrids (not legally bound, but working in close synergy with each other/ founded by same individuals).

A social enterprise in India can be registered as a legal entity as a public charitable trust, Registered society, NPO, Cooperative Society, Producers' Company, NBFC.

Though a number of social enterprise cases from India have been cited and studied extensively by scholarship, not only in this specific field but in related fields of management. Eg: the Aravind eye care system, Narayan Hridayalaya, Jaipur foot etc. yet, there is a significant niche in the academic literature in the field of social entrepreneurship in India and our paper aims to fill this gap. Even non-academic reports on Social Enterprises in India define them inconsistently - some of them consider only non-profit enterprises while some of them for profit ones focusing on delivering products and services in critical-needs sector such as Energy, Healthcare and education to consumers at the Bottom of the Pyramid (BOP) or improving the productivity, output quality or market linkages for BOP producers. (BOP – referring to the 4-5 billion people who remain underserved by the large organized private sector) (Prahalad, 2004) In totality, the literature talks of a different breed of Social Enterprises from what have been existing at the ground level in India.

Any new enterprise is an open system that evolves within its surrounding specific environment. Social interactions, actor networks, exchanges, support and institutional systems within that environment are extremely important phenomena that shape the evolution and growth of any enterprise. Thus, the development and conceptualization of entrepreneurship seems largely conditioned by the specific ecosystem. For instance French social entrepreneurship has developed since the 1980s in the form of work-integration social enterprise, home daycare, home helps and kitchen gardens. (Boncler, Rispal, 2010). A parallel contextual perspective study is the focus of our paper.

3.2.Challenges and Problems

A report by Intelcap (2013) on the landscape of social entrepreneurship in India pointed out that though Social Enterprises base their headquarters in a metropolitan city, yet their collective operations reach the whole country.

Shukla (2011) however noted that India's enormous diversity leads to problems in scaling for Social enterprise ventures. Delivery and nature of services needs sufficient level of

customization to the local context. Sometimes Social ventures started to address certain needs have no relevance in other states. Hence majority of these initiatives remain contextual to local issues. While highlighting the unique challenges to social venture creation in India, Pruthi (2012) notes that charity in India is a means of attaining salvation rather being looked upon as a means of sharing excess wealth. According to Birtchell (2011), the relative lack of prior relevant experience or legal expertise of the founder and an inductive approach to venture creation perhaps reflect the relatively sporadic nature of SE among the rising middle class in India and the spirit to make it happen across all odds.

Besides, lack of managerial skills, lack of financial capital, as well as absence of support from diverse sources challenge the future of social entrepreneur activities in India. One of the other argument is that – it is not just the diversity, but the significantly underdeveloped infrastructure which hinders applying some successful social enterprise models to the whole of the country.

4. Methodology

This research uses a Case Study Approach comparing two broad cases with each other.

For the current paper, secondary data through project reports, websites etc. was collected about the social enterprises operating in and around Mumbai. This will be followed by first hand data through semi-structured open-ended interviews with the founders. The prominent questions asked are: legal form of the enterprise, founder's motivation, funding, qualifications of the founder, recent environmental/ neighborhood changes, adapting to the environment, growth, impact, geographical scope of operation, problems/ challenges encountered, future prospects, etc (see Appendix).

For eg: Our recent interview with a Japanese national working towards the cause of providing affordable and sustainable power in rural areas around Mumbai, India. He works in his own capacity, using his own private funds- very similar to way Baba Amte (mentioned above in Section 3.1) served the community.

Initial findings suggest that a large number of social enterprises in and around Mumbai are in the environmental sector and child services focusing on the areas of child-education, child-health and child-security. These have been recently founded and by young qualified entrepreneurs. Ideological motivations for the founder along with a strong network of human resources suggest a significant role of social capital in the establishment and growth of the social enterprises.

5. Discussion and Possible Outcomes

The reason for focusing on the comparative case of Mumbai and Tokyo, is that both cities show typological similarities of unplanned urban areas as found in the case of Dharavi, Mumbai and diverse shitamachi areas, Tokyo. Behind this lays a complex history and story of economic development drawing strongly on the informal sector but also mixed land use, many individual street-level shops, a wide pedestrian network of side and alleyways and the use of the individual house as place of production, storage, store and living; all these with wide spread social repercussions.

Until nowadays many traditional shops in Tokyo can be found, although their number is decreasing due to the lack of people aiming to take over existing ones. Some young, social entrepreneurs take over the space, and ones their potential is recognized, their work, influence and ideas can bring new life to derelict urban but especially shrinking rural areas. In comparison, in Dharavi most houses are functioning as work and living space, as the owners of diverse social enterprises rely on very low key resources to develop their businesses. But in both cases we can talk about a creative class which offers diverse cases to better understand the diverse nature of the term social entrepreneurship.

The paper aims to conceptualize the term Social Entrepreneurship in the case of India through analyzing a wide scope of social enterprise activities found in the city of Mumbai, India. This dynamic city, being one of the biggest in a young, exponential growing Indian economy offers a wide scope of social entrepreneur activities, as the results will show.

This is done to compare and contrast these cases in a later stage with the city of Tokyo, a major city in the matured economy of Japan, to show that a wide scope of social entrepreneur activities is necessary for ordinary people to secure livelihood and survival. The complexity and diversity of different micro social enterprises (studios, ateliers, factories, shops and residences) can allow both cities to rely on the potential and power of social entrepreneurship if different stakeholders incorporate the voices of different residents, entrepreneurs and customers.

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6. Appendix

Interview Sample Questions

1. Describe a typical day in your business
2. Recent changes in the nature of your work/ environment?
3. Any particular government regulation/ policy that has affected the enterprise?
4. Any tie-up with other enterprises to fight a common cause together?

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