

Samapti Guha
Satyajit Majumdar *Editors*

In Search of Business Models in Social Entrepreneurship

Concepts and Cases

 Springer

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Samapti Guha
Centre for Social Entrepreneurship
Tata Institute of Social Sciences
Mumbai, Maharashtra, India

Satyajit Majumdar
Centre for Social Entrepreneurship
Tata Institute of Social Sciences
Mumbai, Maharashtra, India

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Foreword

For over two decades, I have worked with entrepreneurship scholars and educators around the world. I have seen the field grow from an almost exclusive focus on business plans and the winning traits of successful for-profit entrepreneurs to an ecology of approaches that embrace and nourish a variety of valuable phenomena. Most exciting of these has been the notion of entrepreneurship as a method to tackle some of the most difficult yet important challenges of our times, such as those included in this book.

I met the editors of this book, Professor Satyajit Majumdar and Professor Samapti Guha, about a decade ago in my home country. Both were already passionate about social entrepreneurship, yet thoughtful in their rigorous and critical approach to its role in building a better future both for India and for the world. Together they have fed the movement to educate and foster social entrepreneurs, entrepreneurship educators and provide outreach to the communities they have worked in. While Bill Drayton, founder of Ashoka, is credited with the earliest use of the term, my own encounter with social enterprise harks back to decades before Drayton visited India and recognized people that he called and fostered as “social entrepreneurs” through the Ashoka Fellowships. The enterprise I grew up with in Mumbai is the Shri Mahila Griha Udyog Lijjat Papad, a co-operative founded by seven women, which currently achieves annual revenues of around \$300 million making and exporting papad, a thin crispy flatbread made with a mix of lentils and whole grains. Just as the product is both delicious and healthy, Lijjat, the organization has made better lives for the women who are part of it and nourishes the communities in which they live and thrive. I personally knew women who worked in and managed the organization, and they inspired some of my own entrepreneurial (ad)ventures.

The concepts and cases carefully put together in this Book evoke in me those inspirations and flavors of my earliest encounters with the role of entrepreneurship in transforming lives and societies for the better. I am impressed by the breadth of topics ranging from software and biotech to mothers and children, and I am heartened by the inclusion of indigenous people as well those living outside India’s borders. In my work I have been skeptical of the need to separate social from other kinds of entrepreneurship. My arguments have grappled with the fact that all enterprises, whether for-profit, nonprofit, social, NGO, co-operative or hybrid, contribute

to society through livelihoods, jobs and innovations. And all are susceptible to the worse angels of human nature as well. Hence, I have embraced the view of business as offering a set of tools to help organize and manage resources, and entrepreneurship as a method to effectually cocreate ends worth achieving in the very process of venture building. This Book offers a look into what might be possible if we adopted such an instrumental view of business and venturing for nurturing human and societal wellbeing.

I believe the collection here will feed important discussions in classrooms, enabling educators to challenge students to remake their own future and our world in important ways.

Saras Sarasvathy
Paul Hamaker Professor,
The Darden School, UVA
Jamuna Raghavan Chair, IIMB
Bangalore, India

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Editors and Contributors

About the Editors

Samapti Guha is a development economist and Professor and Chair Person at the Centre for Social Entrepreneurship, School of Management and Labour Studies, Tata Institute of Social Sciences, Mumbai (India). In 2006, she was selected as Sir Ratan Tata Fellow at the London School of Economics and Political Science, UK for her Post Doctoral Study. In 2007, she joined Tata Institute of Social Sciences and launched a new MA programme in Social Entrepreneurship. She along with her colleague Prof. Satyajit Majumdar set up Social Incubation Centre at the Centre for Social Entrepreneurship, supported by UGC, in 2011. Her areas of research are microfinance, women micro entrepreneurship, social entrepreneurship, child labour issues, financial literacy, financial capability and financial inclusion. She teaches courses on microfinance, micro economics, economic orientation of strategic management, macro-economics and development economics. She has published several articles in peer reviewed national and international journals and in edited books.

Satyajit Majumdar is Professor at the Centre for Social Entrepreneurship in the School of Management and Labour Studies of Tata Institute of Social Sciences, Mumbai (India) and teaches entrepreneurship, growth and technology strategy, corporate social responsibility and services operations management. He is President of Institute Innovation Council and Head of Incubation Centre at TISS, Mumbai. He has published research papers and case studies in the areas of entrepreneurship, social entrepreneurship, small business, growth strategy and corporate social responsibility. He also mentors young entrepreneurs, participates in activities related to entrepreneurship ecosystem building and reviews research papers for international journals.

Contributors

Sharmistha Banerjee Department of Business Management, University of Calcutta, Kolkata, India

Nattuvathuckal Barnabas SVKM's Narsee Monjee Institute of Management Studies (NMIMS), Bengaluru, Karnataka, India

Mary Conway Dato-on Crummer Graduate School of Business, Rollins College, Winter Park, FL, USA

Samapti Guha School of Management and Labour Studies, Centre for Social Entrepreneurship, Tata Institute of Social Science, Mumbai, Maharashtra, India

Sumukh Hungund Manipal Institute of Technology, Manipal, India

Kanchan Joshi National Institute of Industrial Engineering, Mumbai, India

Vivek Khanzode National Institute of Industrial Engineering, Mumbai, India

Jackson Khumukcham Mahatma Gandhi Academy of Human Development, Tata Institute of Social Sciences, Nagaland Centre, Nagaland, India

K. B. Kiran National Institute of Technology, Surathkal, Karnataka, India

Satyajit Majumdar School of Management and Labour Studies, Centre for Social Entrepreneurship, Tata Institute of Social Science, Mumbai, Maharashtra, India

Manju Menon School of Management and Labour Studies, Centre for Social Entrepreneurship, Tata Institute of Social Sciences, Mumbai, India

Sanjukta Mukherjee Kolkata, India

B. R. Nandha Manipal Institute of Technology, Manipal, India

Aishwarya Narayan Manipal Institute of Technology, Manipal, India

Netra Neelam SCMHRD, Symbiosis International University, Hinjewadi, Pune, Maharashtra, India

N. Ramesh SVKM's Narsee Monjee Institute of Management Studies (NMIMS), Bengaluru, Karnataka, India

M. V. Ravi Kumar Nayana Jyothi Trust, Bengaluru, Karnataka, India

Edakkandi Meethal Reji Mumbai, India

Madhav Narayan Sathe Mumbai, India

Neeti Singh Centre for Study of Change and Development (CSSCD), Institute for Social and Economic Change, Bengaluru, Karnataka, India

Rama Venkatachalam St. Mira's College for Girls, Pune, Maharashtra, India

Abbreviations

AWBYC	Andro Western Baruni Road Youth Club
B2B	Business-To-Business
B2C	Business-To-Customer
BIRAC	Biotechnology Industry Research Assistance Council
BMCWS	Bombay Mothers and Children Welfare Society
BMI	Body Mass Index
BoP	Bottom of the Pyramid
CEO	Chief Executive Officer
CFC	Community Facility Center
CII	Confederation of Indian Industries
CSC	Cross-Sector Collaboration
CSR	Corporate Social Responsibility
CTOs	Chief Technology Officers
CVC	Collaborative Value Creation
DBT	Department of Biotechnology
ECC	Essentially Contested Concept
EWB	Engineers Without Borders
FAO	Food and Agriculture Organization
FICCI	Federation of Indian Chambers of Commerce & Industry
GDP	Gross Domestic Product
GPs	General Practitioners
GRI	Global Reporting Initiatives
ICT	Information and Communication Technology
INR	Indian Rupees
IPR	Intellectual Property Right
IT	Information Technology
KR	Kala Raksha
KRV	Kala Raksha Vidyalaya
LOCOST	Low-Cost Standard Therapeutics
MIT	Massachusetts Institute of Technology
MSMEs	Micro, Small And Medium-Sized Businesses
NABARD	National Bank for Rural Development

NASSCOM	National Association of Software and Service Companies
NGO	Non-Governmental Organisation
NPCB	National Program for Control of Blindness
NPO	Not-for-Profit organizations
OECD	Organisation for Economic Co-operation and Development
QBL	Quadruple Bottom Line
R&D	Research and Development
RCH	Reproductive and Child Health
ROA	Return on Asset
SE	Social Entrepreneurs
SEWA	Self Employed Women's Association
SHG	Self Help Group
SMEs	Small and Medium Enterprises
SPI	Software Products Industry
SV	Shared Value
TBL	Triple Bottom Line
TCS	Tata Consultancy Services Ltd
TCSR	CSR Wing of Tata Chemicals
UNESCO	United Nations Educational, Scientific and Cultural Organization
WFI	Work-family interface

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Chapter 1

Introduction: In Search of Business Models in Social Entrepreneurship—Concepts and Cases



Satyajit Majumdar and Samapti Guha

1.1 Background

The discipline of Social Entrepreneurship has been advancing fast to become a multi-disciplinary area equally sought after by the scholarly community and practitioners. Probably this is one of the emerging disciplines of the twenty-first century which has drawn the attention of several stakeholders in search of sustainable practices to impact lives of millions due to several conditions of neo-liberal economic thoughts and practices. Though we know “social mission is the heart of social entrepreneurship” Dees (2001), knowledge gap in the process of development is evident and hence the efforts in research. After the emergence of the concepts of social entrepreneurship and social entrepreneur, scholars started focusing to identify the ‘hidden hands’ of social entrepreneurs in creating institutions and movements (Bornstein and Davis 2010). While the individual (social entrepreneur), and the process of enterprise creation and sustenance do not demand much debate, the aspects of social enterprise value creation and the impact are yet to be explored and established. In the early days of research, scholars declared that social entrepreneurs possess special traits and they are a special breed of leaders (Dees 2001). Gradually, the ‘black-hole’ in social entrepreneurship was explored and the scholars reported that the creation of social enterprise is a rational process. The mystique of social entrepreneurship became ‘science’ of social enterprise creation. Also resolved is the debate on definitions due to the complexity of being a multidisciplinary and emerging area. It has been agreed that universalized definition is hardly possible and social entrepreneurship is an ‘essentially contested concept (ECC)’ with multiple sub-concepts within (Choi

S. Majumdar · S. Guha (✉)

School of Management and Labour Studies, Centre for Social Entrepreneurship, Tata Institute of Social Science, Mumbai, Maharashtra, India

e-mail: samapti@tiss.edu

S. Majumdar

e-mail: satyajit@tiss.edu

and Majumdar 2014). Those who believe social entrepreneurship has the potential to address several problems being encountered by a large part of the population have moved forward to posing hard questions on business models. We believe the time has come to move further in search of business models for sustainable economic, social, and environmental value creation.

1.2 Business Models in Social Entrepreneurship

As agreed, social entrepreneurs propose solutions to the social problems through value capture and control (Santos 2012) while social entrepreneurship is the process of social value creation to design and organize new models through combining resources with novel approaches to pursue the opportunities for addressing social needs or to catalyzing social change. These entrepreneurs establish social enterprises for offering products and services and contribute in social development in terms of transformational social change (Mair et al. 2012; Mair and Noboa 2006; Seelos and Mair 2005). Social value is at the core, while economic value is a by-product of the social value creation process (Mair and Martí 2006; Moray and Stevens 2010, p. 224; Seelos and Mair 2005, p. 244).

Business model offers possible solutions to organizational sustainability which is a challenge for social entrepreneurs because social enterprises face an uncertain market environment and limited scope for delivering and capturing perceived value to the target groups. It refers to social enterprise design with different principles referred by the researchers of organization sociology (Doherty et al. 2014; Mair et al. 2012) and design of the business model in the scholarly literature in entrepreneurship and strategic management (Dacin et al. 2010).

Business model defines the business rationale for creation, delivery, and capture the value (Kaplan 2012; Teece 2010, 2017). “The essence of business model is in defining the manner by which an enterprise delivers value to the customers, entices customers to pay for the value, and converts those payments into surplus or profit. It reflects management’s hypothesis about what customers want, how they want and how the enterprise can organize to meet those needs in the best possible ways to get paid for and make a profit” (Teece 2010, p. 173). Value delivery defines the basis for the operating model (Kaplan 2012). It provides a useful basis in strategic business reporting by the investors to analyze the risk, opportunity, and competitive advantage (Christensen et al. 2006). It also helps in creating trust among customers and other stakeholder about good governance, accountability, and fair practices being adopted by the organization.

Very less amount of research on business model of social enterprises (Lee 2015) with a sound theoretical base is available and early research will provide the needed insights and explanations. It is essential for academia, business professionals, investors, and policymakers to involve in scientific investigations (Baden-Fuller and Mangematin 2013; Casadesus-Masanell and Heilbron 2015; Chesbrough 2007; Massa et al. 2017; Santos 2012; Seelos and Mair 2005, 2007; Zott et al. 2011).

The absence of scholarly consensus on the definition of business model adds to the complexity. Business model has been referred as an architecture (Dubosson-Torbay et al. 2002; Timmers 2006), a statement (Stewart and Zhao 2000), a description (Applegate 2000), a structural template (Amit and Zott 2001; Zott et al. 2011), a method (Afuah and Tucci 2003), a story (Magretta 2002), a model or conceptual tool (Chesbrough and Rosenbloom 2002; George and Bock 2011; Osterwalder 2004; Osterwalder et al. 2005), a framework (Afuah and Tucci 2003), a representation (Morris et al. 2005; Shafer et al. 2005), a set (Seelos and Mair 2007), a recipe (Baden-Fuller and Morgan 2010), holistic logic of business to create value (Teece 2010), and a set of decisions enforced by the firm (Casadesus-Masanell and Heilbron 2015). On this, we take a broader view with the propositions already established in the scholarly literature—(a) social entrepreneurs are driven by social value and justice, (b) social entrepreneur may or may not have market orientation, (c) social entrepreneurs solve a variety of social problems such as poverty, health, illiteracy, environmental degradation using the principles of business and with the help of social innovation, and (d) social enterprise focuses on bringing social change by creating social impact. Social value creation is core or mission and supersedes economic value creation.

This Edited Volume is an attempt to add to the foundational theoretical base for further research in the area of ‘business model in social entrepreneurship’. We invited research work with sound research methodologies from the scholars from multiple disciplines to draw from their experience and insights on choosing one or more aspect(s) of social enterprise business model. We deliberately did not prescribe any framework of business model thus allowing freedom to apply theoretical lens of their choices, to build the relevant theoretical explanations. This is critical at early stages of theory building and in alignment with the recent trends in social entrepreneurship research wherein most of the research works relate to new concepts on definitions, characteristics of social entrepreneur and social enterprise, similarities and comparison between social and business entrepreneurship, functions, processes and impact of social enterprises, and the predictors presented in the bibliometric analysis titled ‘Main research areas and methods in social entrepreneurship’ by Shaharazad Hadad (2017). Other bibliometric studies on social entrepreneurship also support our position.¹

George and Bennett (2005) describe six types of theory-building research objectives for case studies: atheoretical/configurative idiographic case studies, disciplined configurative case studies, heuristic case studies, theory-testing case studies, plausibility probes, and building blocks. The building block approach is close to the objective of this Edited Volume in which value delivery process with enablers and influences are subjected to scholarly scrutiny in search of relevant concepts and patterns. We also searched concepts and themes on ‘business model in social entrepreneurship’ to summarize—business model based on co-creation originated in corporate-NGO

¹ ‘Research in Social Entrepreneurship: past contributions and future opportunities’ (Short et al. 2009); ‘A Bibliometric Based Review on Social Entrepreneurship and its Establishment as a Field of Research’ (Sassmannshausen and Volkmann 2013) and ‘Bibliometric analysis of social entrepreneurship’ (Rey-Marti et al. 2016).

collaboration for developing market (Dahan et al. 2010), social entrepreneurship for social value (Yunus et al. 2010), and new market and societal wealth (Thompson and MacMillan 2010), though these concepts and themes are subjected to continuous revision. However, the central theme has been value delivery—how social entrepreneurs design and innovate the business model and how do they manage the enablers. In this way, we chose three major research agendas to move forward—(a) Concepts, Patterns, and Values, (b) Enablers and Influencers, and (c) Innovation. We explain them in brief as below,

- (a) Concepts, Patterns, and Values: Business model research area largely relates to two levels—system and component (Zott and Amit 2013). System level refers to the holistic logic of business and component level denotes activities and resources for implementing the overall logic of business.
- (b) Enablers and Influencers: Thompson and MacMillan (2010) visualized a new global economic sector based on business models by enterprises for poverty reduction that earn both profit and societal wealth.
- (c) Innovation: Innovation in general and social innovation in specific is an important dimension of business model. Social innovation refers to a new idea or new way of doing activity for social change (Phills et al. 2008). Boons and Lüdeke-Freund (2013) proposed sustainable innovation as compared to technological and organizational innovation to resolve social problems and to bring social change.

1.3 Business Model Design and Innovation

Business model has been an interesting subject of research in Strategic Management, Entrepreneurship, and Innovation. It deals with the question, how much business model matter for the performance of enterprises? Business model changes the Return on Asset (ROA), market share, etc. (Sohl et al. 2020), due to the improvement in operating experiences as it develops capabilities over time.

In this dynamic world of entrepreneurship, product design, speed of innovation, customer's behavior, competition threats, government's regulations, and other environmental factors have an impact on the organizational structure of the enterprises (Mulders and van den Broek 2012). All of them are embedded in the business model (Trimi and Berbegal-Mirabent 2012). The existing literature on business model is scattered while some scholars have raised question—how do we get formalized business models? (Morris et al. 2005; Tracey and Jarvis 2007) and the others probed the business model as a tool in search of entrepreneurial opportunities. Trimi and Berbegal-Mirabent (2012) submitted that entrepreneurs and managers have increased their attention towards business model design to explore how firms can learn better from their own experience and improve their performance. The emerging trends of business model design in the context of tech-based start-ups reveal that it is not only important to listen to customers but also co-creating new values or products with the

customers (ibid). This boosts innovation and increases the probability of success of enterprises.

There have been several innovations in business models; e-commerce is one of them. In the last two decades, we have also observed the emergence of innovative e-commerce-based business models. Jocevski (2020) studied five key innovation areas in retail stores—in-store technology, role of sales associates, leveraging mobile technology-based channel, data analytics, and collaborations. He added, “physical retail space can serve as an aggregation hub that connects various retailer-customer interaction points across physical and digital spaces” (Jocevski 2020, p. 99). The scholar highlighted how retail space is changing; the nature of physical retail space is becoming communicational, experiential, and transactional whereas the digital retail space is providing a virtual platform where individuals and organizations can interact. It has also created a new market where customers are not only the buyers but are also contributing to product design. In this way, the innovative business models have modified the purpose of mass production to mass customization in the era of the Fourth Industrial Revolution (Philbeck and Davis 2019). Such innovative business models in the retail sector created a new architecture for value creation and delivery, and value capture mechanisms as proposed by Teece (2010).

Islam (2019) studied the importance of the process of managerial sensemaking. Cognitive representations are fundamental to the sensemaking. It is important to know how managers’ cognitive skills are embedded into the sensemaking processes for business model development. The scholar also explained schemas of sensemaking based on the rationality of developing and using business models.

We have searched literature explaining the types of business models. Circular economy business model considers the environmental and ecological benefits along with economic benefits. Such business models offer the “promise of profitability and business growth by means of increased production efficiency, risk mitigation, and pursuit of new revenue opportunities; ecological sustainability requires public action to ensure systemic changes at the societal level” (Whalen and Whalen 2020, p. 629). The scholars analyzed 150 cases of business models to argue that societal change requires public action; economic efficiency alone might not bring ecological sustainability because economic dimension of the enterprises is micro in nature, whereas the ecological dimension is macro in nature. Public action adds to environmental and ecological sustainability.

1.4 Business Model Innovation in Social Entrepreneurship

Most of the business models do not address social problems, rather adds to the conditions of poverty, inequality, political instability, corruption, etc. (Yunus 2007). Social business models have emerged to bring self-sustainability and empowerment to the deprived section of the society along with revenue generation. There are evidences of hybrid models adopted by social enterprises, NGOs, and other social organizations

(Ashraf et al. 2018). They could be of non-dividend or dividend distribution businesses (Gebauer et al. 2017) with varied interests of the investors. In some cases, the business model adopted by social entrepreneurs is also based on the pre-determined price of the products and services.

Social Entrepreneurs create models for providing basic services as per the human needs which public and private sector markets fail to address (Seelos and Mair 2005). The business models also draw from the concepts of the resourcefulness of business enterprises and social mission for positive social change.

Social enterprise also manifest as a hybrid model or social business. It has a long history which started with cooperative such as dairy cooperative, farmers' cooperative in India. Social hybrids are considered to be superior to commercial firms, especially in the context of market failures (Santos et al. 2015). Four types of social hybrid models are reported, namely, Market Hybrid, Blending Hybrid, Bridging Hybrid, and Coupling Hybrid. Alignment between profit and impact in the business model makes them sustainable, though strong empirical evidence are yet to be reported to claim high levels of social impact. These hybrids are also 'fragile' with internal tensions and mission drift as reported in microfinance sector in India.

1.5 About This Volume

We are already in agreement that social entrepreneurship is an approach for social value creation and value addition. In the process of value creation and addition, social entrepreneurs innovate business models while setting up their enterprises. It is crucial to explore these innovative business models to understand the processes of value creation, and innovation, the role of enablers to address social problems. There are scholarly studies on business models in strategic business management journals; however, there is an acute gap in studies on business models of social enterprises.

In this Volume, in search of business models in social entrepreneurship, we are presenting Introduction and 12 chapters under three thematic areas, namely, Concepts, Patterns and Values (in Part A), Enablers and influences (in Part B), and Innovation (in Part C).

This Chapter introduces the concepts of business models and explores the existing business models in social entrepreneurship. Part A focuses on concepts of business models in the domain of social entrepreneurship and emerging patterns. In Chap. 2, Neeti Singh studied the integration of principles of social entrepreneurship and principles of organization management to achieve sustainable development. The scholar presented an analysis on those principles in the light of Hamel's framework. Chapter 3 focuses on patterns of business models in India and Mexico. Mary Conway Dato-on and Sharmistha Banerjee compared them to know that the practice of social entrepreneurship outpaces academic research. They also opened discussion on motivations, leadership style, and influences social entrepreneurs experience while starting and managing enterprises. In Chap. 4, Rama Venkatachalam

and Netra Neelam examined the social business model of Kala Raksha and evaluated the customer segmentation, marketing effort, customer engagement, pricing strategies, and training as possible areas of attention. On the other hand, while Triple Bottom Line (TBL) in the context of sustainable development is commonly discussed, Sanjukta Mukherjee and Sharmistha Banerjee proposed Quadruple Bottom Line (QBL) in Chap. 5 with the help of critical analysis of the journeys of social enterprises and their efforts in meeting the sustainability agenda. They argued that social enterprises are gradually moving toward QBL sustainability matrix.

Part B explores the roles of enablers and actors influencing business models of social enterprises. In Chap. 6, Manju Menon and Samapti Guha explored the role of corporates in promoting social enterprises. They attempted to present a structure based on the nature of collaboration between corporate and social enterprises. Chapter 7 discusses different forms of collaborative business models of social enterprises. N. Ramesh, Ravikumar M. V., and N. Barnabas conceptualized integration of the organizational property constructs with the help of Collaborative Value Creation and Shared Value frameworks. Supply chain has been the focus of Chap. 8 in which Vivek Khanzode and Kanchan Joshi introduced a typology to classify the supply chains of social enterprises with a decision-making framework to describe supply chain configuration. Satyajit Majumdar and Jackson Khumukcham in Chap. 9 presented business model dimensions of indigenous entrepreneurship with a focus on the roles of women entrepreneurs. They used ethnography research approach to report the first-hand experiences of the entrepreneurs in balancing family responsibilities and business activities, with thematic narration.

Part C explores the subjects related to innovation in business models to explore how innovative practices create social values. Chapter 10 focuses on innovation in business models of indigenous enterprises. Jackson Khumukcham reported that the 'time and coincidental instances' are the prime factors in bringing innovation into business model which also opens new ways of articulating the value proposition. He explained the indigenous entrepreneurs' mindfulness on the opportunities and senility toward the trends in market changes and the ways of doing business with new products. Sumukh Hungund and K B Kiran in Chap. 11 presented their insights on open innovation practices among the Indian software product-related small and medium enterprises. Their study examined the influence of such practices on firm performance to report that collaboration with customers leads to positive influence while selling out Intellectual Property Rights had a negative influence on the overall firm performance. Spin-off and alliance helped them in developing more products. Chapter 12 authored by Aishwarya Narayan, Nandha B R, and Sumukh Hungund is about the implementation of open innovation in the biotechnology industry in India. They explained that collaboration with R&D labs, customers, and suppliers helped in improving the firm performance. In the last chapter of this Volume, i.e., in Chap. 13, Edakkandi Meethal Reji and Madhav Narayan Sathe explained the decision logic (thought process) of a social entrepreneur in crafting strategies of turnaround and spearheading social innovations for solving social problems in the villages of Maharashtra State of India populated by indigenous people. The thought process

resulted in establishing partnerships among individuals, community, corporate, and the government to bring sustainable social change.

1.6 The Way Forward in Research

As explained in this Volume, we proposed to open discussion on social enterprise business models. Considering this being a new field in the literature on social entrepreneurship, the articles presented in this Volume were not strictly guided by the literature on business enterprise models. Rather the dimensions and aspects seemingly peripheral to the subject were considered in search of novel ideas. For this, theories and frameworks of several other disciplines were reviewed with open minds.

Earlier studies are almost in agreement that the resource limitation of social enterprises is efficiently handled with hybrids (with and without revenue and surplus). Future research should question this paradigm with the dimensions like business processes, collaboration, and innovation. Agreements or anomalies should be carefully studied, dimensions should be critically reviewed and revised, and new variables should be modified as needed. This would help to develop a robust theory on social enterprises' business models if it exists.

The themes of innovation (including social innovation), stakeholder participation in creating unique and favorable values, and the influence on socio-cultural context are relevant to study the social enterprise models. It is intuitively known that such complexities lead to optimal solutions and sometimes acceptable models emerge with compromised results.

The scholarly disagreement between maximization and optimization is yet another unique aspect of social enterprise to be studied in detail. This will have a bearing on the discourses on sustainability and sustainable development. Empirical and explorative studies on the correlation between optimized values created by social enterprises with sustainability are important areas for future research.

Social entrepreneur and social enterprise are inseparable entities in the physical world and concepts in the scholarly literature. Social entrepreneurs aspire and imagine social change, create social enterprises, scale up the impact and grow. Hence, it is natural that social entrepreneurship in general and social enterprise in specific being emerging scholarly and academic discipline has several constructs and concepts to validate. We need many empirically grounded researches to make propositions and establish constructs even though the scholarly debate is yet not over on social entrepreneurship being an independent field. We also do not rule out the possibility of big data-based quantitative studies to validate or challenge the findings of the earlier research. Research on research methodology is equally important because unique methodology based studies can also bring out the hidden knowledge on social entrepreneurship.

To conclude, we the editors feel happy to present this Volume on the subject which is yet to find firm ground in the scholarly field. We are of the view that the Volume

would provide several possibilities for future research and the findings reported in the chapters need to be validated, challenged, or modified to drive the subjects forward.

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Part I
Concepts, Patterns and Values

Chapter 2

Business Model for Social Entrepreneurship



Neeti Singh

2.1 Introduction

In literature, there is no universally accepted definition of social entrepreneurship rather there are several sub-concepts used to define what social entrepreneurship is. Despite the fact that social entrepreneurship lacks a universal definition, it can be conceptually understood as a cluster concept, which is a conglomeration of several sub-concept (Choi and Majumdar 2014). The sub-concepts identified in this study are also considered as the characteristics of social entrepreneurship. These are social value creation, the inclusion of the Bottom of the Pyramid¹ (BoP), social innovation, and market orientation.

These characteristics of social entrepreneurship, at the operational level, function as its strategies and the efficiency of these strategies make organizations achieve what government and market have not been able to achieve, i.e., meeting the social needs of the people that remained unfulfilled for a long time.

Social entrepreneurship operationalize it by offering the possibility to encounter several socio-economic gaps created by the traditional models of economic development (Majumdar and Reji 2019), by providing services, goods, and structures or institutions to meet the social needs. National Council for Skills and Entrepreneurship Development (Ministry of Skill Development and Entrepreneurship 2015: 41) defines social entrepreneurship as—“a business instrument to address the issues of

¹The “base (or bottom) of the pyramid” was first used in a paper written by two University of Michigan professors in 2002. In “The fortune at the bottom of the pyramid,” C K Prahalad and Stuart Hart indicated that the global population is divided into three segments, based on purchasing power parity (PPP). The base of the pyramid customer is defined as those with a PPP of less than \$1,500 per year.

N. Singh (✉)

Centre for Study of Change and Development (CSSCD), Institute for Social and Economic Change, Bengaluru 560103, Karnataka, India
e-mail: pkneeti@gmail.com

poverty, unemployment, and inequity in society, through socially-oriented business innovations.”

The analysis of the characteristics of social entrepreneurship reveals that actually, these are the unique strategies social entrepreneurship uses to achieve what falls in the purview of sustainable development, i.e., products, services, and structures for individuals, communities, and future generations. Through this process, the fulfillment of the social and basic needs of the beneficiaries creates enabling structures and maximizes choices for the people.

For sustainable development, there is no universally accepted definition, hence different parties explain the concept of sustainable development differently. Connelly (2007) helps to understand the different approaches to the concept of sustainable development. First, there is always a government approach, which presents a simplified version of the sustainable development concept. Second is the interpretation of the Brundtland Report (Brundtland 1987). The third approach is of the environmental philosophers and economists in the 1980s asserting the associations between stances on environmental sustainability, social justice, and participatory democracy. It is the fourth approach that seeks to understand how sustainable development is actually developed and used as a concept.

The idea of this synergy between social entrepreneurship and sustainable development takes the stance between the second and third approaches, which are relatable to both the concepts. Moving forward, it is recognized that there are three critical components of sustainable development: economic growth, social equity, and environmental sustainability (Sathaye et al. 2006). It is important to also include environmental conservation for the sustainability of natural resources in long-term economic growth and development. This will ensure economic growth with the ability to satisfy the basic needs of present generations without limiting the options available to future generations (Seelos and Mair 2004).

The insouciant characteristics of social entrepreneurship, which function as the unique strategies of social entrepreneurship strive for sustainable development, appear as essential components of a business model for social entrepreneurship. The strategies of social entrepreneurship and the practices in the social entrepreneurship business model shed light on this further in the following section.

This study conceptualizes the idea of developing a business model for social entrepreneurship, which learns from the practices in social entrepreneurship and operationalize the strategies in social entrepreneurship business model combined with an elaborate strategic model based on a business concept that has been put into practice (Mair and Schoen 2005). This conceptual business model for social entrepreneurship is based on Hamel’s (2000) business model framework and how it can operationalize social entrepreneurship to achieve sustainable development. The example of SELCO² is used to explain the detailed framework.

²SELCO Private Limited is a social enterprise established in 1995, providing sustainable energy solutions and services to under-served households (having grid electricity without adequate supply, or not having any electricity at all) and businesses. SELCO aims to empower its customers by providing a complete package of product, service, and consumer financing through grameen banks,

2.2 Research Methodology

The question this study is—what can we learn from the study of social entrepreneurship and its business model. This question has a justifiable rationale for conducting an exploratory study as the purpose of this exploratory case study is to identify the research questions or procedures to be used in a subsequent research study, which might or might not be a case study (Yin 2009).

The exploratory study suggests the following propositions:

Proposition 1: The characteristics of social entrepreneurship are the strategies of its operational business model.

Proposition 2: A conceptual model of social entrepreneurship that can operationalize the strategies of social entrepreneurship to achieve sustainable development.

This study aims to present propositions for a further future inquiry to contribute toward the development of a conceptual business model for social entrepreneurship. The study starts with going through the literature to first understand the concept of social entrepreneurship. It is found that social entrepreneurship does not have a universally accepted definition, and hence, it is conceptually understood as a cluster concept, meaning several sub-concepts are used for defining it. The process of looking for a sub-concept that can lead to a possible definition of social entrepreneurship revealed that there are some characteristics of social entrepreneurship.

The aim of arriving at an understanding of social entrepreneurship was to analyze the specific practices in social entrepreneurship and how they are operationalized in the business model for social entrepreneurship, based on the existing knowledge available through the literature.

The example of SELCO explain how business model framework operationalizes in social entrepreneurship to achieve sustainable development because of the following reasons: 1—it is recognized as successful and has successfully mastered the transition from the venture stage to that of the self-sustained organization. 2—it is operational in multiple locations. 3—it has already been described and documented to be able to provide for secondary data in this study.

2.3 The Strategies of Social Entrepreneurship

It is found that social entrepreneurship works towards the services, products, and structures, which often meet the basic needs of the people, and makes them accessible, affordable, and of quality, through a replicable, scalable, and simple idea, which makes the executed possibly at different locations (Seelos and Mair 2005). There is extensive literature available to support this claim and help identify the most

cooperative societies, commercial banks, and micro-finance institutions. They create channels for end users to afford systems based on their cash flow. SELCO emerges as a successful social enterprise, which has well-defined strategies that can be studied as a business model.

prominent characteristics of social entrepreneurship (Dees 1998; Prabhu 1999; Mair and Martí 2006; Shukla 2011; Weerawardena and Mort 2006; Intellectap 2012; Singh 2016; Agarwal and Kumar 2018) These characteristics correspond to the strategies of social entrepreneurship model of an organization, which are discussed below.

If we view the world “today, humanity’s most pressing problems aren’t merely technological; they are social, cultural, and political, and global in scope” (Hamel 2012: 41). The important issues that an organization needs to tackle in this situation are to do with the values, innovation, adaptability, passion, and ideology of the organization (Hamel 2012). In this extended scope—social, cultural, political, and global, which is to be dealt with, there is certainly the need for an organizational model that has the capacity to deal with not only the economic but also all the above concerns. Social entrepreneurship model with the strategies of social value creation, the inclusion of BoP, social innovation, and market orientation, present a promising solution.

2.4 The Inclusion of the BoP

Social entrepreneurship grows in the space where the government and the existing businesses are unable to meet social needs. In a World Bank study, it is found that it is not only a lack of income but also a lack of access to goods, services, and economic opportunities which dominates the lives of the people at BoP (Jenkins et al. 2010). These needs remain unmet mainly because the potential customers are willing but unable to pay for products and services that would satisfy their needs. The business community does not address them due to the inability of potential customers to pay (Seelos and Mair 2005). This section can be identified as BoP. They are identified as low-income groups who have less or no capacity to pay for the services and products that would cater to their primary needs of health, education, shelter, and livelihood. However, BoP segment may have significant latent purchasing power but it can be tapped only through focusing on affordability, access, and availability (Prahalad 2005), and through the impoverished benefit from goods and services that are specially designed for their needs (Ansari et al. 2012).

Social entrepreneurship considers BoP as its potential market and strategizes to proceed with an adequate understanding of BoP context, to not end up introducing markets which may create new vulnerabilities and can disrupt social harmony (Karnani 2007; Khan et al. 2007).

This means that social entrepreneurship strategies must consider the inclusion of BoP with caution by not only focusing on traditional economic indicators such as the amount of money invested and the number of products distributed. Rather the indicators of how well their activities translate into social welfare on the ground (Ansari et al. 2012) must be identified and utilized. Not to overlook the fact that BoP cannot be treated as consumers whose economic inclusion and social empowerment has improved with the involvement of commercial organizations. It may only show

that they have the opportunity to buy more, and do not reflect that they have improved their ability to afford more (Seelos and Mair 2007).

The context of BoP can be understood better when they are considered as ‘consumers’ or producers in the value chain, but are considered as ‘partners’ engaged in the co-creation of entirely new businesses that generate mutual value (London 2009)

2.5 Social Value Creation

Social value creation is the primary motive of the social entrepreneurial activities, thus considered as a prerequisite for social entrepreneurship (Dees 1998; Peredo and McLean 2006; Perrini and Vurro 2010; Austin et al. 2006). Social value is defined as “the creation of benefits or reductions of costs for society—through efforts to address societal needs and problems—in ways that go beyond the private gains and general benefits of market activity” (Auerswald 2009: 52).

The terms used for defining social entrepreneurship such as social mission, creation of social wealth, addressing social issues and problems, and pressing social needs, indicate the aspect of social value creation of social entrepreneurship (Singh 2016). ‘Social’ is a contested concept used here for addressing a whole range of problems to which social entrepreneurship is seen as a potential solution. However, it also gives the multidimensionality to social value creation in which different perspectives can be discussed, such as of both the social entrepreneur and the beneficiary. This also enables to capture the range of intended and unintended changes by social entrepreneurship.

From the perspective of the social entrepreneurs, ‘social value creation’ is about bringing social change and creating social impact by addressing social problems that emerged out of social needs and issues. These social changes/impacts include “creating awareness, empowering beneficiaries, bringing about changes in behaviour, attitude, perception, norms and institutions, to create socio-economic benefits for the beneficiaries and impact their lives at the institutional, individual, community, state, national and in some cases, the international level” (Singh 2016: 105).

Likewise, beneficiaries have their perspective of ‘value,’ which is usually about getting various kinds of benefits specifically created for them and entailing various positive changes and impacts (direct and indirect) in their lives (Singh 2016).

However, the strategy of social value creation in social entrepreneurship cannot be set without accepting the fact that it is not an easy task to assess what social value entails and which activities and projects can be considered as creating social value. This is the inherent difficulty in measuring social value (Dees 1998) which may add certain ambiguity to the concept of social value creation. However, social entrepreneurship seems to be dealing with this issue by providing solutions to the problems that have been identified as persistent problems in society. The solution devised is provided in the form of a range of desired social changes or social impacts, including both short- and long-term impacts and outcomes, that is, social value. Thus,

the creation of social value happens through a resolution of social problems and issues in social entrepreneurship (Singh 2016).

Thus, the effects of social entrepreneurial activities are the social change or social impact and are assessed through observing the levels of awareness, empowerment of the beneficiaries, socio-economic benefits received by them. These changes are followed by a change in their perception, attitudes, behavior, and finally, changes in norms. These changes occur at the levels of institution, individual, community, state, and international, and can be seen in the form behavioral, attitudinal, perception changes, and the institutional changes, creating socio-economic benefits for beneficiaries and impacting their lives positively (Singh 2016).

2.6 Social Innovation

In social entrepreneurship, social innovation is an important strategy used for seeking novel solutions to social problems that are effective, efficient, and sustainable. These solutions create value for the society as a whole rather than private individual (Phills et al. 2008). Social innovation ‘stems from a perception of an unmet social need and a desire to meet that need and therefore work towards an improvement in social conditions’ (Andrew and Klein 2010: 21). It is the diffusion of social innovation through which social entrepreneurship achieves its social purpose (Mulgan et al. 2006). It is a process of providing innovative solutions for managing complex social problems, like community development or social exclusion or poverty reduction (Perrini and Vurro 2010).

When Social innovation is looked at from the business model perspective, it is considered social entrepreneurs’ attempt to create social value through innovative and entrepreneurial business models (Seelos and Mair 2004).

Social innovation is not defined only by the introduction of new types of production, or by the exploitation of new markets. The necessary condition for social innovation is to include the needs that are not met by the market, satisfaction of them is done by the creation of new, more satisfactory ways of giving people a place and a role in production (OECD 2010).

It means that the development of social entrepreneurship, as it demonstrates in India, has the importance of ‘local solutions for local problems’ (Singh et al. 2012) that requires social innovation. Solutions based on social innovation can mobilize ideas, capabilities, resources, and social arrangements required for sustainable social transformation (Alvord et al. 2004).

Social entrepreneurship engages with BoP actively through the social innovation process, and all or part of the benefit of a social innovation accrues to the marginalized group being served (Tan et al. 2005). The important strategy of social entrepreneurship is to be able to leverage the group social capital (of the BoP), which reduces the financial capital required for the innovation. Another important aspect is that social entrepreneurship competes for more on the input side for resources. It is getting evident through the fact that competition in the output side (markets) is rare given

the wide scope of social innovations (Prabhu 1999). This also indicates that there is either the absence or weak influence of market mechanisms in the social sector that makes the end-user of social innovation the final arbitrator of its success.

Innovative forms of social innovation by combining three elements—the concept of shared value creation, the theory of the fortune at the bottom of the pyramid, and a corporate social entrepreneurship approach have developed recently. This facilitates entry into low-income markets by helping to solve global challenges while simultaneously generating profits (Michelini 2012).

Social innovation is also viewed as sustainability-driven innovation (Little 2006), which uses social, environmental, or sustainable motivations to create new ways of working, new products, services, processes, and new markets. Apart from making social enterprises sustainable organizations (Weerawardena and Mort 2006), social innovation as a characteristic of social entrepreneurship adds value to a business, its customers, the environment, and society (Confederation of Indian Industry—Centre of Excellence for Sustainable Development 2010).

2.7 Market Orientation

Social entrepreneurship involves strategies to capture the ‘huge potential market’ of the wide range of social needs, which have remained unsatisfied by existing markets and institutions. It is due to this huge potential market social entrepreneurship appearing more often in developing countries. Social needs are often defined by the culture and perception of the people, which is why social entrepreneurship uses social innovation as a strategy for ‘local solution for local problems’ and is based on local needs (Seelos and Mair 2004).

Social entrepreneurship brings a market orientation ‘to social issues and promotes the professionalization of the non-profit and public sectors’ (Steyaert and Hjorth 2006: 10). The characteristics of social entrepreneurship, i.e., inclusion of BoP, social value creation, and social innovation, reflect there is market orientation in social entrepreneurship. Social entrepreneurship process devises its market orientation where the primary purpose is to serve the basic needs and identify the contours to ensure survival (Seelos et al. 2005). The market orientation in social entrepreneurship is often associated with the idea of increased efficiency and effectiveness through commercial activities (Nicholls and Cho 2010) and financial sustainability and self-sufficiency (Boschee and McClurg 2003).

It is the market orientation of social entrepreneurship that ensures the focuses on efficiency and the effective use of resources. However, both not-for-profit ventures and profit-seeking ventures show their distinct market orientation that is aligned to their mission. That’s why a not-for-profit exhibit its own kind of market orientation by seeking to control input costs and achieve operational efficiency, while profit-seeking ventures may seek a different path to exhibit its market orientation (Nicholls and Cho 2010).

Market orientation of social entrepreneurship is often expressed in terms of commercial activities, which generate earned income to ensure the sustainability of social entrepreneurial activities and self-sufficiency of the organization (Choi and Majumdar 2014). Aiming to achieve increased effectiveness for social entrepreneurship the focus needs to move from the market orientation alone to a broader vision of business methods.

These above-discussed characteristics of social entrepreneurship, which at the operational level work as the strategies of social entrepreneurship suggest a synergy between social entrepreneurship and sustainable development. This relation between social entrepreneurship and sustainable development needs greater clarity and is attempted through the below evidences from the literature.

2.8 Sustainable Development and Social Entrepreneurship

The roots of the concept of ‘sustainable development’ can be traced from Aristotle’s work, as in *Nicomachean Ethics* Aristotle discusses human ethical behavior and eudemonia, meaning happiness, flourishing, good living, and well-being (Marangos and Astroulakis 2010). It was nearly 2000 years ago Aristotle had thought that the definition of a ‘good society’ should be the central task of philosophy, and defined the three significant realms of social progress, which contain indicators having social, economic, and environmental standpoints. This idea of the three realms in Aristotle’s work can be used to gain an understanding of sustainable development, and that must be achieved through a balancing of three areas: social, economic, and environmental (Harris and Burns 2004).

In organizational terms, this balance is referred to as ‘triple bottom line,’ i.e., through social, environmental, and financial performances (economic). Hence, social entrepreneurship is identified with socially responsible investments that are achieved through social, environmental, and financial performance, or ‘triple bottom line’ refers to social, environmental, and financial performance (Bornstein and Davis 2010).

In the literature, there are references found in which social entrepreneurship operation is related to sustainable development or seen a connection between the two. Some of these references are used for building this study to develop a conceptual business model for social entrepreneurship that can be operationalized to ensure achieve sustainable development. They are following.

Social entrepreneurship is considered to be a multidimensional model that has different dimensions such as innovation, proactiveness, and risk management, but executes within the boundaries of environment, sustainability, and social mission. Such consideration for the broader environmental and operational constraints is crucial in social entrepreneurship (Weerawardena and Mort 2006).

A balance between social, economic, and environment in social entrepreneurship is a balance between economic growth, social equity, and environmental sustainability (Sathaye et al. 2006), which means a system, must be able to produce goods

and services on a continuing basis without unmanageable levels of external debt and damage agricultural or industrial production.

Similarly, sustainable systems that can achieve distributional equity, 'adequate provision of social services including health and education, gender equity, and political accountability and participation' (Harris 2000). And the environmental sustainable systems must have a stable resource base without over-exploitation of renewable resource systems. This means that while seeking sustainable development attention must be paid to non-economic resources too, such as to biodiversity, atmospheric stability, and other ecosystem functions (Harris 2000)

Social entrepreneurship is identified advocating the socially acceptable and sustainable business strategies and organizational forms, which can be contributing to internationally recognized sustainable development (SD) goals, and encourage established corporations to take on greater social responsibility (Seelos and Mair 2005).

The inclusion of BoP is a defining characteristic of social entrepreneurship and is observed to be the guiding principle of organizations vouching for sustainable development. Such as the case of inclusive growth business models (Jenkins et al. 2010), which are financially sustainable, scalable, be able to expand access to goods, services, and livelihoods for those living at the base of the pyramid. This model focuses on providing goods, services, and livelihoods to the BoP as consumers, producers, distributors, and retailers. This model claimed to offer new opportunities for innovation, growth, and competitiveness along with positive social and development impact (Jenkins et al. 2010).

Social entrepreneurship emerged to reach out to the neglected sections of the society to create products, services, and enabling structures to provide solution to the problem of the need of health, education, and welfare due to growing social inequalities, and the failure of the state and market to meet these. As there are inequalities in the distribution of income, wealth, political power, and other value-added resources, these inequalities lead to new economic organizations that are seen as a part of the third sector³ (Banks 1972) and innovating to reach the neglected sections of the society.

Hence, it is evident that social entrepreneurship orients towards addressing the acute social needs, which it does by operating within existing social structures so that it can work as a medium to mend social fabric and works toward 'developmental goals' (Lehner 2012). And, creates 'tremendous value by catering to such basic humanitarian needs' (Seelos and Mair 2005: 244).

These evidences from the literature hint that social entrepreneurship has a crucial role to play in sustainable development through its strategies. In the following section,

³In Europe, the term 'social economy' is identified with the third sector comprising of non-profit organizations and organizations in which 'the material interest of capital investors is subject to limits and in which creating a common patrimony is given priority over a return on individual investment' (Laville and Nyssens 2001).

business model framework of social entrepreneurship is discussed along with the sub-components of the larger strategies of social entrepreneurship, i.e., the inclusion of BoP, social value creation, social innovation, and market orientation.

2.9 The Social Entrepreneurship Business Model

The first step toward understanding the expectation from a social entrepreneurship business model is to know how the concept of business is defined. The term business model means different things to people that that's why it is defined differently by scholars since the 1950s (Bellman et al. 1957). The term was used in information management in the 1970s with the emergence of commercial activities on the Internet. In the 1990 decade, a shift happened in the business world when the electronic businesses started gaining relevance beating the traditional businesses, which made business models prevalent in the e-Business area, the fields of information systems, and strategic management research. (Burkhart et al. 2011). And thereafter, the business model studies spread to other disciplines.

In academia and by the practitioners business model is used and understood as the strategy concept, mainly because it is 'the result of strategy, and holistically describes the activities of an organization in an aggregated form' (Sommerrock 2010: 130). A business model for social entrepreneurship is its unique value proposition, and 'an adequate representation of reality...capture the real world...abstracts the complexity in operations and captures the essential mechanisms, according to which business is conducted' (Abdelkafi 2012: 301).

Another approach on studying the business model of social entrepreneurship see that it may reduce reliance on problematic forms of outside capital without having to compromise the social goals of the venture. The business model of social entrepreneurship allows the convergence of for-profit and non-profits, where the first one is trying to create social impact through business models, while the other one is trying to become more efficient, sustainable (Center for the Advancement of Social Entrepreneurship (CASE) 2008).

Hamel (2000) provides one of the most extensive business models is his book "Leading the Revolution," in which he presents a business model framework based on four main pillars constituting business mission, strategic resources, value network, and an effective customer interface. These pillars are bridged through the unique way in which competencies, assets, and processes are combined and interrelated; the specific bundle of benefits that are being offered to the customer; companies boundaries encompassing the decisions that have been made about what the firm does and what it contracts out to the value network.

These approaches towards a business model of social entrepreneurship show the potential to develop into a conceptual business model of social entrepreneurship by incorporating its core strategies. However, it does not mean that a single business model will work for all social entrepreneurial ventures. Or, the models drawn from the world of business alone can be appropriate as they may pose a problem related to

the alignment with the social goals of the organization (Center for the Advancement of Social Entrepreneurship (CASE) 2008).

To gather more empirical material to conceptualize a business model of social entrepreneurship, it would be helpful to consider a study by Sommerrock (2010), where business model characteristics of 34 social entrepreneurial organizations are studied to develop the database to identify the patterns in social entrepreneurial behavior. This helped in identifying specific incentive strategies for social entrepreneurship. The results suggest that value proposition is the most prominent strategy in social entrepreneurship, and social entrepreneurial organizations 'create different strategies regarding their product design and market definition, their internal value creation architecture and their external value creation architecture' (Sommerrock 2010: 144). Thus, the flexible nature of social entrepreneurship strategies is indicated.

To be able to create social value and the inclusion of BoP intended to bring sustainable development, social entrepreneurship must meet the needs of local communities. There are pieces of evidence of social entrepreneurship's embeddedness within local communities as they target 'the needs of a locally defined set of individuals' (Seelos et al. 2011: 6). The local embeddedness of social entrepreneurship is crucial to meet the local objectives and an important strategy of a business model of social entrepreneurship.

In social entrepreneurship, it is commonly observed that there is a greater emphasis on individuals who are exceptionally skilled at mustering and mobilizing resources: human, financial, and political as parts of social entrepreneurship create novel business models, organizational structures, and strategies for brokering between very limited and disparate resources to create social value (Seelos and Mair 2005).

Another aspect of social entrepreneurship strategy, which forms the crucial strategy for sustainable development is the recognition of the lack of relational, cultural, and institutional resources. Due to this social entrepreneurship seeks solutions to the problems caused by the institutional barrier, i.e., political, legal, and institutional infrastructure. And, flourish where there are significant socioeconomic, cultural, or environmental problems because there they can create a resource that addresses the lack of institutions (Dacin et al. 2010).

The strategies to deal with the environmental barriers are the most crucial strategies for sustainable development. To deal with it social entrepreneurship brings together an array of material and non-material resources, which includes support network, mobilization, financial assistance, and knowledge. The creative mechanisms are employed, involve three key resources, i.e., relational, cultural, and institutional. The use of 'cultural knowledge' and the use of the cultural resources such as 'the norms, values, roles, language, attitudes, beliefs, identities, and aesthetic expressions of a community' are the part of creative mechanism (Dacin et al. 2010: 49)

To develop into the imagined conceptual model, apart from the ability to support sustainable development, business model of social entrepreneurship should be able to sustain over a period of time to sustain its impact. Business model of social entrepreneurship needs to be capable of being scaled or replicated without

compromising on alignment with the mission or with the intended impact of an organization (Center for the Advancement of Social Entrepreneurship (CASE) 2008).

So a conceptual business model for social entrepreneurship should be able to meet its financial needs through its earned income without compromising on social value creation. No single model, which fits all the social enterprises, or a model from the business world on its own alone cannot solve the purpose because that may not align with the social goals of social entrepreneurship. Next, a business model for social entrepreneurship needs to be flexible, locally embedded, and should be developed by gaining a deeper understanding of the resources: institutional, relational, and cultural. These ranges of aspects of a business model are crucial for conceptualizing a business model for social entrepreneurship that achieve sustainable development. To strengthen the empirical standards of the business model for social entrepreneurship, it requires that the operational aspects of different business models for social entrepreneurship be observed too.

2.10 The Practices in Social Entrepreneurship

The above-discussed strategies of social entrepreneurship business model are put into a plan, or course of action to achieve the goals of the organization that are expected to support sustainable development.

Integration of the business model concept and the broader context of the social entrepreneurship process help achieve the goals that are perceived here as sustainable development. These goals are providing for the goods and services such as education, health, and livelihood. And, 'business model' is a unit of analysis in social entrepreneurship that invariably involves the activity of production and distribution of the above goods and services.

Self-sustained and successful social entrepreneurial organizations need to have a definite action plan for the creation of value networks, the procurement of strategic resources, and management of customers' interface. Hamel defines them to be the important pillars of a business model (Mair and Schoen 2005). To conceptualize a business model for social entrepreneurship that achieves sustainable development, there is a need to gain knowledge about how these, so-called 'important pillars of a business model,' are put into practice. Along with other various strategies are put in use in social entrepreneurship.

The functions of the business model of social entrepreneurship are to allow accessing the social return on investment, which is done through establishing the conduit to convert inputs into outcomes, determine financial and talent needs, the extent and nature of dependence on different resource providers, and the efficiency with which resources are converted into impact (Center for the Advancement of Social Entrepreneurship (CASE) 2008).

Narayana Hrudayalaya (NH) business model is a good example for understanding the 'practice' aspect of the business model of social entrepreneurship, and how the creation of value networks and management of customers interface can be brought

into practice. This model is based on delivering high-quality health services at low costs (Prahalad 2006). The business model was underpinned by cost minimization and successfully crafted a business model that focused on the strength of large numbers to drive down costs in all aspects of cardiac healthcare. NH business model frequently innovates to remain to deliver promising results. Several developing countries and states in India seek NH for collaboration (Kothandaraman and Mookerjee 2007).

Another way of operationalizing the strategies of social entrepreneurship in a business model is seen in Muhammad Yunus's social business model. The social business is based on these key principles: 1—Overcoming one or more intractable problems of society; 2—Financially and economically sustainable; 3—investors receive a return on investment that does not exceed the amount of their investment, that is, no dividend is given; 4—the profit is retained by the company for additional expansion and improvement; 5—Environmentally conscious business; 6—the workforce should get market wages with better working condition (Kickul et al. 2012). Similarly, Yunus and Weber (2010) explain that social entrepreneurship to be a new kind of capitalism, aiming to solve the humanity's most pressing needs. For Yunus (2008), social entrepreneurship is a mission-driven business approach, which he relates to the concept of social business, designed to address social objectives with a non-loss, non-dividend situation. According to this view, social entrepreneurship as a business model that makes the provision of goods and services to poor customers, and covers all the costs through market resources.

Center for the Advancement of Social Entrepreneurship (CASE) (2008) presents a business model for social entrepreneurship with an operating strategy that includes internal organizational structure and external partnerships that are crucial for creating the organization's intended impact. A resource strategy is for defining where and on what terms the organization will acquire the resources, both financial and human, which are needs to the work.

Thus, it is evident that Narayana Hrudayalaya's focus is on the practices that create value networks, the procurement of strategic resources, and the management of customer interface. These practices are crucial in a business model for social entrepreneurship because they are important for sustainable development. The social business model does incorporate the idea of financial sustainability in its model but do not have a direct focus on these practices. While the CASE model, there is an emphasis on the strategies of social entrepreneurship but it also guides through the ideal practices that social entrepreneurship business model must follow. However, it lacks a framework that can be tested if it can build up into a conceptual model of business for social entrepreneurship.

2.11 A Conceptual Business Model of Social Entrepreneurship

The study aims to present a business model for social entrepreneurship that can operationalize the strategies of social entrepreneurship to achieve sustainable development. There are several views on what social entrepreneurship practice is, and several business models have been used in the successful social entrepreneurial business ventures. But there is a gap in how social entrepreneurial strategies and practices can be operationalized through a model, which ensures sustainable development is achieved. This relationship is explained through the Fig. 2.1.

We do not just need an operational model, but also need to understand how that can a model be implemented in social entrepreneurship organizations. Therefore, a business model for social entrepreneurship is presented, which is not only based on the principles of social entrepreneurship but also puts these principles into practice.

Hamel’s business model framework is chosen to conceptualize this model because it is one of the most extensive models, which has its main emphasis on how to put a concept into practice. Here, the concept in question is social entrepreneurship and Hamel’s business model framework was used in a study to detect the business model patterns and regularities in the social entrepreneurship cases (Mair and Schoen 2005). Therefore, in this study to achieve greater clarity of the conceptual model, the framework is implemented to SELCO, which is an established social entrepreneurial venture.

However, a brief background of Hamel and his work would provide a contextual understanding of his model. Hamel points a problem with capitalism that it needs a moral renewal. This situation has arisen due to the problems of corporates compromising their values to business and having an interest that is distinct from society’s interest. The renewal of capitalism cannot be from top-down programs of ‘corporate social responsibility.’ There is a need for organizations that do not sacrifice ‘the

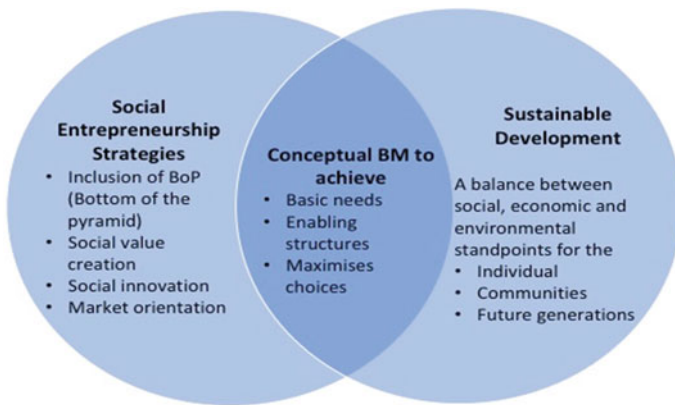


Fig. 2.1 Conceptual framework (Author)

future for the present, and one that doesn't regard the earth as an inexhaustible source of natural resources.' (Hamel 2012: 33).

Hamel also discusses sustainable organizations, hinting 'to rethink the fundamental assumptions we have about capitalism, institutions, and life at work' (Hamel 2012: 13). He suggests that the multifaceted agenda for building an organization requires reinventing management, and shares the blueprint for creating organizations that are fit for both future and human beings. According to him, there are a few important issues, which organizations must revisit. First, is the issue of 'value,' i.e., businesses are among the least trusted institutions. Second, organizations must innovate for a sustainable strategy to create long-term value, and there should be innovation and will to change (Hamel 2012). Hamel raises these concerns and sees them as a challenge for the present-day organizations, and the characteristics of social entrepreneurship are pitched as the answer to these concerns.

He emphasizes that long-term values are crucial for the sustainable strategy in an organization, and require innovation. He also believes that a hierarchy of human capabilities exists at work, i.e., obedience, diligence, expertise, initiative, creativity, and passion. At the top of the hierarchy is passion, and according to him, it comes from those who see their work as a calling and a way to make a positive difference in the world (Hamel 2012).

Thus at the back of Hamel's business model framework are these values which he has discussed in this work, i.e., sustainability, values, passion. And, it gives support to his framework (Hamel 2000) (Fig. 2.1), followed by the SELCO's business model that is used for explaining how Hamel's framework can support to achieve the social entrepreneurial principles.

The core components discussed in Fig. 2.2 provide a systematic approach to attaining the social entrepreneurial goals and incorporating its objectives that would lead to sustainable development. The business concept of SELCO is analyzed based on the components such as customer interface, core strategy, strategic resources, and value network.

Customer Interface	Core Strategy	Strategic Resources	Value Network
Fulfillment & Support Information & Insight Relationship Dynamics Pricing Structure	Business Mission Product / Market Scope Basis for Differentiation	Core Competencies Strategic Assets Core Processes	Suppliers Partners Coalitions

Fig. 2.2 Components of a business model (Hamel 2000: 92)

The core components discussed in Fig. 2.2 provide a systematic approach to attaining the social entrepreneurial goals, which is to meet the basic needs, create enabling structures, and maximize choices for the individuals, communities, and future generations (in Fig. 2.2). The business concept of SELCO is analyzed based on the components such as customer interface, core strategy, strategic resources, and value network.

Seeing through the business model framework of Hamel (2000), we study the four elements of customer interface in SELCO Private Limited. These elements are fulfillment and support, information and insight, relationship dynamics, and pricing structure.

SELCO has a unique approach to its customers and recognizes that the process of reaching out to economically poorer communities is deeper due to the complexities that emerge from the varied local conditions and contexts. This makes them design 'solutions suited to specific contexts rather than attempting a 'cookie-cutter' approach to scale up' (S3IDF and Foundation 2015: 1). SELCO's 'fulfilment and support ways' are its ways of reaching out to its customers and ensuring customized technology with affordable financing and maintenance mechanism.

SELCO ensures that it provides the same quality of products and services to all its customers irrespective of their economic status. Since SELCO is a need-based solution provider, it approaches the potential customers, rather than customers coming to it. It studies the needs of their potential customers and designs both the product and the financial plan according to their need and capacity to pay, and helps SELCO to reach out to the bottom of the pyramid.

SELCO gains information and insight into the customer interface so that it can help serve them better. This aspect has to do with the basic and social needs of the target population. SELCO also works on the relationship dynamics with its customers and aims to establish trust with them. The pricing structure of the products remains the same for all the customers, as SELCO is a for-profit company. It works on how to help its customers to get finance for purchasing their product and facilitate the repayment of the loans. There are cases where the customers make payments on a daily basis to repay their loan, as their earnings are also on a daily basis.

The core strategy of SELCO is its business mission to provide redesigned off-the-shelf solar electric components to suit the particular needs of the urban and rural poor (Management and Yale School of Management 2009). This is a two-pronged approach that creates customized solar lighting systems based on the specific needs of the customers and helping them access tailored loan and credit packages to purchase sustained lighting (Bulsara et al. 2015: 11).

The other subcomponents of core strategy are 'product or market scope.' The 'product scope' indicates that the solar products that SELCO deals with are unique because they are designed according to the need of the person or a group who requires it.

SELCO does an extensive need-assessment of a particular segment or activity to be able to match with its competitors. An extensive need-assessment is another subcomponent of the core strategy, which is known as a 'basis for differentiation.' The products designed by SELCO are different from other products available in the

market. These products could be the designing of a solar product for street vendors, midwives, or farmers, and the creation of solutions for particular needs of its target market. It means SELCO is constantly innovating its strategies so that it can reach out to the needy.

The strategic resources of SELCO are the core competencies, strategic assets, and core processes of the business. The core competency as a subcomponent of the strategic resource includes the skills and the unique capabilities of SELCO. SELCO realized that the success of solar installations for the poor depends greatly on designing financial solutions for their customers (Management and Yale School of Management 2009). It is a general thought that the capital expense of purchasing solar panels and batteries required for it is high, which keeps this technology out of the reach of those who live at the bottom of the income pyramid.

Core competencies of SELCO lie in their ability to be able to make their products financially viable for their customers. SELCO devised ways to bring banks and microfinance organizations to finance their solar products for their customers. It required SELCO to convince these financiers of the efficiency of solar power; gradually SELCO developed partnerships with banks and microfinance organizations to plan loans and repayment strategies according to their customers' repayment capacity.

Other subcomponents of strategic resources are 'strategic assets' and 'core processes.' SELCO's strategic asset lies in its strong network of centers that is completely decentralized. SELCO's core process is its effort to provide reliable after-sales servicing. Dedicated and reliable customer support ensures that the customers continually use the products, and their service needs are fulfilled without delay.

Hamel's business model framework has a component of configuration, which refers to the unique ways in which competencies, assets, and processes combine and interrelate. This component is prominent in SELCO, where it has a strategy to link income-generating activities with energy services, and it also improves the quality of life of its customers. The strategy to link reflects that SELCO creates market linkages to income-generating activities that also contribute to the increasing affordability of the end-user.

The value network is the last component of SELCO's business model. In SELCO, supply, coalition and partners are the important subcomponents of the value network. SELCO technological partnership with Massachusetts Institute of Technology (MIT), D-Lab, Engineers Without Borders (EWB), and Engineers for Social Impact, and S.D.M. Institute of Technology has helped it in building its value network. SELCO's collaboration with them also helped it to technologically advance its products, so it can provide technology (in the form of solar equipment) to the bottom of the pyramid population. It aims to break the myth that technology is expensive and is meant for only the rich.

SELCO has also partnered with the community-based organizations, which has increased its reach to the different sections of the society. It not just increases SELCO's outreach, but also gives them recognition and increases their goodwill among the users. Some of the prominent community-based organizations with which

it has collaborated are—Bharatiya Vikas Trust and Bangalore Rural Educational and Development Society.

These four important components, i.e., customer interface, core strategy, strategic resources, and value network are successfully implemented in SELCO and provide knowledge on how a conceptual model can be built and implemented in the future social entrepreneurial organizations. SELCO's case provides evidence of how the business model can provide strategies that bring sustainable development. While profit is not compromised and is generated by mutually enforcing the different elements of the business. SELCO creates social value by ensuring that its solar products positively affect the quality of life of its customers.

Hence, SELCO case is a successful example of how sustainable development is achieved through a business model. Hamel's business model framework enables social entrepreneurship to achieve its goals that are guided by its characteristics or strategies. Social innovation plays a crucial role in SELCO's success as SELCO has innovated both at its level of product/service and its financing strategies. It is associated with multiple partners, such as banks, microfinance organizations, and other financing agencies.

2.12 Conclusion

The contributions this paper has made to the existing literature on social entrepreneurship: First, identification of the social entrepreneurial principles that are also called the characteristics of social entrepreneurship. It is learned that the characteristics of social entrepreneurship underlay the strategies of social entrepreneurship and are crucial in the practice of social entrepreneurship. Finally, when these strategies are combined with a business model then it creates a potential business model that brings sustainable development. This gets possible by merging social and economic value creation with the help of a business model. The paper also hopes to motivate future empirical research that builds on these findings. And offers insights to prompt existing models of social entrepreneurship to adopt an elaborate strategic business model framework that recognizes opportunities to improve the system and provide new solutions to the problems. The SELCO's case establishes that social entrepreneurship business model creates new paths and solutions based on the local needs rather than on the centralized assumptions of large institutions about what needs to be.

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Chapter 3

In Search of Patterns: A Preliminary Investigation of Social Entrepreneurs in Mexico and India



Mary Conway Dato-on and Sharmistha Banerjee

3.1 Introduction

Entrepreneurship in general and social entrepreneurship, in particular, are universal concepts embedded in cultural and national contexts (Clarke and Aran 1997; George and Zahra 2002; Klyver and Foley 2012). Similarly, the fundamental goal of social entrepreneurial undertakings can be observed worldwide as solving social and environmental problems (e.g., environmental degradation, poverty, illiteracy, urban violence, health challenges) at the root-cause and systemic level using innovative, sustainable, scalable, and measurable approaches (Ashoka.org; Rowe and Conway Dato-on 2011). Combining these ideas suggests that while entrepreneurial skills needed to start and grow a social enterprise may be common across contexts (e.g., searching or idea generation, planning, marshalling resources, and implementing, Mueller and Conway Dato-on 2011) their development and application could vary based on differing backgrounds, motivations, and environments of the entrepreneurs. These ideas drive the development of the present research.

Specifically, the authors seek to draw inferences that advance research in two countries known for their active social entrepreneur base—India and Mexico, while also providing insight for social entrepreneurial practitioners who seek to achieve social value creation. Several researchers have found comparative studies a useful method for expanding insights and developing social entrepreneurship in multiple countries (e.g., Meyskens et al. 2010; Zahra et al. 2008, 2009). As such, the purpose of the present exploratory research is to both address the research gaps within each country and provide potential cross-country learning. This Mexico–India study offers

M. Conway Dato-on (✉)
Crummer Graduate School of Business, Rollins College, Winter Park, FL, USA
e-mail: mconwaydatoon@rollins.edu

S. Banerjee
Department of Business Management, University of Calcutta, Kolkata, India
e-mail: sharmistha.cu@gmail.com

an opportunity to compare two countries in which the practice of social entrepreneurship far outpaces the academic research, while also investigating the construct across cultures that share more characteristics than may at first appear evident.

India and Mexico make an appropriate context for this comparative study for several reasons. Politically, both nations share several features including histories of democracy—though Mexico’s is much more turbulent and recent—and market-based economies (Emmerich 2010; Khanna 2007). At the same time, national/local policies in both have combined characteristics of socialist states such as sizeable portions of the economies (e.g., banking, electricity, oil, and air transport), currently or historically, being state-owned enterprises (SOEs), (Emmerich 2010; Malik 2003). Both nations, though different in scale, are also culturally diverse in terms of ethnic groups and languages spoken; yet both have secular government institutions and have primarily adopted English as the business language (Emmerich 2010; Sundaramurthy et al. 2013). Culturally, several characteristics (e.g., power distance and masculinity) display similarities, yet distinction exist in others (e.g., indulgence and long-term orientation) (Hofstede 1980), and both Indian and Mexico are influenced by religious practices and philosophies, Hinduism and Catholicism, respectively. At the same time, each nation’s inequalities and government corruption have resulted in the exclusion of large percentages of the population from fully participating in and receiving benefits from economic booms (Auvinet Briulet 2013; Ito 2009). In other words, both countries have strong inequalities in resource distribution as a result of which the marginalised sections of society are often deprived of benefits that the state is supposed to provide. Taken together, the conditions of pervasive, abject poverty as well as environmental and social problems, particularly important settings for the work of social entrepreneurs, exist in both nations.

3.2 Objectives

The general aim of this paper is to juxtapose social entrepreneurship through an exploratory comparison of social entrepreneurs in Mexico and India with a view to advance academic research in both countries. The two specific objectives are: (1) To gain insights from analysis of social entrepreneurs with reference to the four components of Gartner’s (1985) framework for new venture creation (i.e., individual, process, organization, and environment), and (2) to draw inferences from identified patterns of similarities and differences among the social entrepreneurs across the two countries. Noteworthy is that no previous study comparing these two countries could be located. Most comparative research on social entrepreneurship constructs in emerging markets occur within regions (e.g., China and India: Goel et al. 2009; British Council 2016) or across developed markets such as Europe and the United States (e.g., Defourny and Nyssens 2010).

3.3 Literature Review

Social entrepreneurship literature burgeoned in the early 2000s (Haugh 2007) and has grown in breadth, depth, rigor, and cross-disciplinarily ever since (Conway Dato-on and Kalakay 2016; Lumpkin et al. 2013). The present research is based on the understanding that social entrepreneurship contains four features distinguishing it from other approaches to social change (e.g., government actions, advocacy, non-governmental organizations) including: innovation (in product or process), social value/wealth creation, sustainability of solutions, and scalability of results (Conway Dato-on and Kalakay 2016; Sullivan Mort et al. 2003). This study is framed around actors (i.e., social entrepreneurs) who seek to achieve the goal of generating social value by forming and operating a social enterprise. With this framing in mind, the review of social entrepreneurship literature provided here focuses on the intersection of context (cultural, economic, and personal) on social entrepreneurs.

Given that social entrepreneurship is “a practice that is immersed in a set of social arrangements and shared understandings that give it significance” (Peredo and Chrisman 2006, p. 313) a core supposition of the present research is that social values are not only shaped by the cultural-contextual aspects, but that these also play a role in determining social entrepreneurs’ profiles and proclivities. Various authors have proposed frameworks that look at the impact of the culture in the development of SE. Lumpkin and Dess (1996), for example, propose five dimensions that compose (social) entrepreneurial orientation: autonomy, innovativeness, risk-taking, reactivity, and competitive aggressiveness. Lee and Peterson (2000) further this line of thought, proposing that the five dimensions, are shaped by economic, political/legal, and social variables and are also influenced by culture (defining culture along Hofstede’s (1980) dimensions, as mentioned previously). Additionally, Lee and Petterson (2000) argue that only countries with specific cultural tendencies will engender strong entrepreneurial orientation.

Connecting these findings to the individual level of analysis, Omorede (2014) concludes that people with an “entrepreneurial intentional mindset,” who engage in social entrepreneurial activities do not simply see societal deficiencies and decide to act, rather other factors and processes also affect their decisions. Specifically, Omorede’s (2014) research, which focuses on why individuals start social enterprises, identifies two stimuli as motivators for social entrepreneurs to act: local conditions (economic deficiency, ignorance and unscientific beliefs, and inequalities) and intentional mindset (alertness to social issue, religious conviction, propensity to act, and moral judgment). She concludes that the combination of these two stimuli triggers the individuals’ passion for a cause that is then facilitated by support provided by their social network (Omoredede 2014). Particularly relevant to the present research is the finding that challenging environments can motivate social entrepreneurial activities in developing nations, such as Indian and Mexico. In line with this, Germak and Robinson (2014), identify elements of an intentional mindset when they explore the role of motivation at the early stages of social enterprise development. Their findings suggest that a unique blend of motivational components in emerging social

entrepreneurs exists that could explain why they engage in social entrepreneurship over other types of work. These are: personal fulfilment, helping society, nonmonetary focus, achievement orientation, and closeness to social problems (Germak and Robinson 2014). Corner and Ho (2010) suggest that “experience corridors” or life experiences create awareness of and information about particular areas that shape opportunity development. Taking these findings together, one can observe an increasing substantiation of how personal experiences influence actors participating in SE, however, the link between the entrepreneur’s background experiences and the development of social entrepreneurs across cultural contexts and nation states remains murky (Dorado 2006). This murkiness drives the present research.

3.3.1 Social Entrepreneurs in India: Practice and Research Opportunities

According to Bobade (2017), Indian social entrepreneurship has evolved significantly in the past ten years with an increasing number of people deploying entrepreneurial skills to construct sustainable enterprises, whether for-profit or non-profit, in order to help resolve significant communal issues in the country. Singh (2008) captures this momentum well when he states that social entrepreneurship creates: “... a new look at the people and the potential in India” (p. 32). Further supporting social entrepreneurs and their enterprises in India are proactive moves by business incubators and foundations, but much remains to be developed in the field of academic research on social entrepreneurship and enterprises within the Indian context (Bobade 2017).

From a broader look, research on Indian social entrepreneurs documents primarily two broad categories. The first investigates social entrepreneurs who use technology-oriented innovation to provide essential services not otherwise available. The second classification includes social entrepreneurs who are removing obstacles to inclusive distribution of resources. (Allen et al. 2012). Both of these overarching categories are appropriate given the fact that every third Indian is deprived of even basic necessities like nutrition, education, and health care and many remain afflicted by unemployment and illiteracy (Shaw and de Bruin 2013).

Within Indian research on social entrepreneurs as actors, studies have focused on socio-cultural factors influencing entrepreneurship such as education, religion, caste, family background, and social background (Shradha et al. 2005), with the conclusion that these socio-cultural factors are important in the creation of entrepreneurial intentions. Therefore, in this paper, personal characteristics and motivations among active, successful social entrepreneurs in India are diagnosed with reference to social entrepreneurship related experience and family support. Uniquely, this study concentrates on how social entrepreneurship actions are generated and manifested in India while comparing this process to Mexico.

On the practitioner side, numerous social innovation labs such as the Jindal Centre for Social Innovation + Entrepreneurship aim to strengthen the capacity of passionate

individuals and nascent organizations to innovatively solve grassroots-level social and environmental problems in India. Simultaneously, international actors including the British Council's (2016) efforts through the Global Social Enterprise Programme have sought to promote social enterprise education in Indian schools and universities. Despite the support of the state in creating a relatively strong ecosystem and recognition of the valued potential of the sector, academic literature on social enterprises in India is relatively small. At the same time, only a handful of organised programmes on teaching-learning of social enterprise or social entrepreneurship exist in India, whereas social work as a subject has been available for at least five decades. On the whole, a holistic understanding of the government policies that seek to support the social enterprise sector in India is lacking (British Council 2016). As a result, there is a need for more rigorous publications that can place these activities in theoretical and comparative frameworks to systematically analyse efforts and encourage further development.

3.3.2 Social Entrepreneurs in Mexico: Practice and Research Opportunities

Similar to India, social entrepreneurial activity is booming in Mexico (Auvinet Briulet 2013; Burgess 2011). According to the Rockefeller Foundation, social enterprises in Mexico directly connect to over 7 million people, benefit over 28,000 individuals, and positively impact 1,000 municipalities (as cited in Burgess 2011). The most widely known social entrepreneurship incubator in the world, Ashoka, (Ashoka.org) opened one of its first offices outside the USA in Mexico in 1987, which now supports the third-largest concentration of fellows (after India and Brazil) in its network. This work is greatly needed, as an estimated 53.4 million Mexicans, approximately 43.6% of the entire population, live in poverty and lack the income necessary to meet basic needs with 7.6% (9.4 million) in extreme poverty (CONEVAL 2018). The Mexican economy is also primarily driven by micro, small, and medium-sized businesses (MSMEs), which account for 52% of GDP and more than 99.8% of all businesses in the country (Alcalde and Castaneda 2013; Amorós and Bosma 2014), which potentially limits investment in social initiatives (i.e., CSR) from large multi-national firms.

There is limited empirical, academically rigorous research on social entrepreneurship in Mexico, (Auvinet Briulet 2013; Jauregui Casanueva 2013; Mendoza-Ramírez and Toledo-López 2014), despite the large number of recognized social entrepreneurs operating in the country (Newberry 2012). Research indicates that 77% of these enterprises are start-ups and barely 4% are more than 10 years old (Green Street and EY Mexico 2014). There are, however, growing efforts to catalogue Mexico's social entrepreneurs' characteristics. For example, 62% of Mexican social entrepreneurs are male, with 42% aged between 18–34 years. Almost half of the social entrepreneurs in

Mexico are focussed on local causes, with significant proportions focusing on environment, innovative technology, and water/sanitation (Green Street and EY Mexico 2014). In addition, the Center of Public Opinion (2013), data estimates that 66% of surveyed entrepreneurs belong to a medium or medium-high socio-economic level in Mexico.

Historically, social enterprises in Mexico emanated from a cooperative tradition similar to that seen in Europe (Auvinet Briulet 2013). At the same time, Mexican social entrepreneurs appear to be dually influenced by the American vision of social entrepreneurship (Defourny and Nyssens 2010), that emphasizes individual social entrepreneurs as the “hero” and innovation and earned-income strategies as the most appropriate solutions to social issues (Conway Dato-on and Kalakay 2016). Such findings drive the present researchers to ask how these apparently contradictory influences of collectivism and individualism manifest themselves in the Mexican social entrepreneur. Similarly, the conclusion that distinct typologies of social entrepreneurial models in Mexico are evolving in a dynamic manner as determined by resource availability and social entrepreneurs’ ambitions (Wulleman and Hudon 2016) motivates this research to engage with active social entrepreneurs to learn more.

3.4 Effectuation Theory

As a theoretical underpinning to compare the work of social entrepreneurs in the contexts of Mexico and India, this paper uses effectuation theory (Sarasvathy 2001, 2004). Effectuation assumes that “boundedly rational actors operate under conditions of environmental uncertainty that they cannot fully control or comprehend. Effectuation represents a form of decision-making in which the social entrepreneur imagines several possible strategies that a social enterprise might take. Thus, instead of developing detailed strategic plans and working systematically to achieve them, the social entrepreneur attempts to take advantage of uncertainty in the environment and to respond to it on the basis of instinct and intuition in order to enact one path from a range of possible alternatives” (Dacin et al. 2011, p. 1210 with reference to Mitchell et al. 2007). Social entrepreneurs who deploy effectuation, take into consideration their motivations, personal experience, as well as organizational and environmental context to implement and morph their work to achieve maximum impact for a focal issue. Effectuation influences all of Gartner’s (1985) new venture creation framework components and is particularly relevant in unpredictable environments such as emerging markets.

A fundamental principle of effectuation is that social entrepreneurs begin with a set of resources, or ingredients, rather than a specific solution in the form of a product, service, or organizational form, in mind that they believe can be employed to resolve an existing problem (Sarasvathy 2001). The example often used to illustrate the difference between effectuation and rational economic thought is that of a chef. Chefs often gather ingredients available to create a meal and then construct a delicious dish,

rather than starting with the desired dish in mind. As such, “effectuation envisions the entrepreneurial process as actor-dependent not outcome dependent” (Corner and Ho 2010, p. 638). This last point drives the focus and methodology of the present research, which draws attention to the social entrepreneur as an active creator and allocator of resources (physical, financial, relational) to drive solutions to wicked problems they observe in the world.

3.5 Social Capital Theory

In addition to considering effectuation theory, the authors suggest that support for understanding how an entrepreneur influences the development and leadership of the social enterprise can be found in social capital (Putnam 1995). Social capital, defined as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet and Ghoshal 1998, p. 244), has been studied across multiple domains and nations. (e.g., Conway Dato-on et al. 2018; Easter and Conway Dato-on 2015; Parris and Peachey 2013). Research substantiates three types of social capital: bonding, bridging, and linking (Coleman 1988; Putnam 1995). Bonding social capital includes close relationships with family, friends, and community members who interact frequently (Putnam 1995). Bridging capital considers groups or individuals with more distant ties to others but who connect through mutual interests and goals (Putnam 1995). Finally, linking social capital unites dissimilar groups, individuals, or organizations around a common cause; such unity generally brings greater resources to the focal issue or event (Parris and Peachey 2013). Research suggests that strong social capital can improve organizational performance outcomes (Conway Dato-on et al. 2018). In the social enterprise domain, all three types of social capital have been found to positively influence intentions and, to some extent, results of social entrepreneurship (Easter and Conway Dato-on 2015). Strong social capital ties at the individual level have also been found to have positive spillover effects in encouraging social entrepreneurship and the national level (Estrin et al. 2013). The current study is motivated by the combined implications of previous research on the influence of social capital on social entrepreneurs in starting and managing their enterprises to further explore its effect within Mexico and India.

3.6 Research Methodology

Having been informed by theories of effectuation and social capital, the study uses qualitative research methodology to analyse social entrepreneurs and their respective work in Mexico and India. Data were collected in two phases. First, semi-structured personal interviews (Lincoln and Guba 1985) guided by theory and questions derived from Gartner's (1985) frameworks were conducted in Mexico.¹ To extend the understanding of the social dynamics the authors kept a reflective journal (Glense 2006) as well as recordings of interviews (when permitted by entrepreneur) for future transcription.² From the qualitative assessment of these interviews, the primary author discovered themes of resources, leadership, psychic distance from the issue, cross-cultural influence, motivation, and organizational development strategies. This approach mirrors and emic methodology as the researcher was immersed in Mexico and interacted with entrepreneurs both in interviews and in their natural settings within their organizations and in the field. Emic research investigates how local people think, how they perceive and categorize the world, what has meaning and how they explain things (Harris 1976; Morris et al. 1999).

In the second phase, the themes derived from the semi-structured interviews in Mexico were used to conduct structured interviews in India, as well as serving as a basis for the selection of social entrepreneurs. This latter phase adopted an etic (or scientist-oriented) approach, shifting the focus from imbedded observations, categories, explanations, and interpretations to those of the researcher (Harris 1976; Morris et al. 1999). In other words, the authors were inspired to investigate the transferability of themes discovered in one culture to another culture. This motivation makes the etic approach in phase two appropriate to the study's objective. The order of data collection represents convenience sampling rather than a theoretical or methodological justification. In other words, the first author's research travel dictated data collection.

All interviews were conducted by the authors with the aid of an assistant to facilitate meeting logistics. During the interviews, which lasted between 45 min and 1.5 h, the interviewer took notes, using these and recordings when available to analyse the data. The two-phase data collection method enabled a more direct comparison among the entrepreneurs and across sectors in the two countries.

Across the two nations, purposive sampling was used to ensure individuals displaying certain attributes were included in the study (Berg 2001), thus increasing the potential for generalizability and facilitating comparison. Participants were intentionally selected from Ashoka Fellows in Mexico and India. Several previous studies have used the Ashoka database for social entrepreneurship research (e.g., Meyskens

¹The Mexican interviews were collected during the first author's sabbatical leave in Mexico funded by Fulbright Garcia Robles Scholarship and are part of a larger study resulting in several publications on social entrepreneurs and entrepreneurship in Mexico (e.g., Conway Dato-on and Parris 2014; Conway Dato-on and Davila 2018).

²The first author, fluent in English and Spanish, gave entrepreneurs the alternative to be interviewed in either language.

et al. 2010). To be selected by Ashoka, a social entrepreneur must demonstrate to a panel of experts how her/his idea creates system change and demonstrates the potential for creating change on a large scale. Including previously vetted social entrepreneurs who have been assessed via equal characteristics increased the likelihood of a robust degree of participant (i.e., organizational and individual) comparability, thus reducing the likelihood that conclusions drawn are idiosyncratic.

The sample represents a mix of male and female entrepreneurs; organizations located in different parts of the country; social enterprises of various sizes and growth stages with entrepreneurs who work in similar sectors across the two nations. As this is an exploratory study, the authors determined sample size of four entrepreneurs per country would maintain the manageability of data and enable quicker output to be generated in order to assess the viability of more in-depth future studies.

Additionally, the authors conducted a detailed study of secondary records available from various websites, including Ashoka's reports on the eight Fellows (four from India and four from Mexico) and their organizations. This secondary data was used to corroborate and expand upon information received during interviews and to provide a multitude of data sources to achieve within-method data triangulation (Brannen 1996; Brannen and Peterson 2009).

Data analysis was conducted following qualitative methods protocols (e.g., Gioia et al. 2012). When proceeding through the analysis process, if the authors did not agree about coding, the data were revisited until authors arrived at a consensual interpretation, in accordance with Gioia et al. (2012).

3.7 Presentation of Data

To facilitate the presentation of data, the authors present Table 3.1. In all cases, the identity of entrepreneurs and their organizations has been kept confidential. The non-disclosure ensured entrepreneurs would speak more freely about themselves, their successes, and their struggles during the interviews. As such, the social entrepreneurs are identified simply by the initials of their home country (MX = Mexico, IN = India) and a number. The social entrepreneurs' sex and age category (by decade) are noted in the table as well as is the year the Ashoka Fellow designation was received. Although more personal and organizational data was collected, the demographic variables reported allow categorical comparisons without breaking confidentiality. The entrepreneurs also identified the primary focus or sector of their work. Because the Mexican interviews occurred first, the Indian social entrepreneurs were selected from similar sectors to facilitate comparison. This approach follows the emic and etic methodologies discussed previously.

Table 3.1 Summary of data from entrepreneur interviews in Mexico and India

Sector	Mental health/Youth	Women's entrepreneurship	Child education	Agriculture, economic empowerment	Micro-finance Women	Mental health	Aquatic cooperative & economic empowerment	Child rights/Child education
Entrepreneur code	MX4	MX5	MX6	MX9	IN1	IN2	IN3	IN4
Year began formally working on issues/year organization founded	2001 began work, founded 2005	1994 began work, official start 2000	2007	2005	2001	1993	2006	1980
ENTPR age (range)	Late 30 s	Mid-50	Mid-30	Early 50	58 years	Mid 40 s	42 years	64 years
Sex of social entrepreneur	M	F	F	M	M	F	M	M
Year of Ashoka Award	2013 (not selected)	2004	2010	2008	2007	1999	2017	1995
<i>Resource(s): Background</i>								
Capacity	x	x	x	x	x	x	x	x
Affluence	x	x	x	x		x		
Industry/In field experience	x			x	x			
Previous entrepreneurial experience	x				x			

(continued)

Table 3.1 (continued)

Sector	Mental health/Youth	Women's entrepreneurship	Child education	Agriculture, economic empowerment	Micro-finance Women	Mental health	Aquatic cooperative & economic empowerment	Child rights/Child education
Entrepreneur code	MX4	MX5	MX6	MX9	IN1	IN2	IN3	IN4
<i>Leadership</i>								
Empowerment of others	x	x	x	x	x	x	x	x
Changed leadership styles	x		x		x	x		x
Individual						x		
Visionary				x				x
Collective	x	x	x	x	x		x	
Innovation (new)								
<i>Psychic distance</i>								
Close	x	x				x		
Observer			x	x	x		x	x
<i>Cross-cultural influence</i>								
Direct		x		x				
Indirect								
<i>Motivation</i>								
Personal	x	x			x	x	x	x

(continued)

Table 3.1 (continued)

Sector	Mental health/Youth	Women's entrepreneurship	Child education	Agriculture, economic empowerment	Micro-finance Women	Mental health	Aquatic cooperative & economic empowerment	Child rights/Child education
Entrepreneur code	MX4	MX5	MX6	MX9	IN1	IN2	IN3	IN4
Spreading ideas				x	x		x	x
Empathy				x		x	x	x
Life-changing moment	x	x		x		x		
Lifelong concern for issue/other		x	x				x	x
Spirituality	x				x			
Passion					x	x	x	x
Going against the norm	x	x		x	x	x	x	x
<i>Entry Approach</i>								
Family					x	x	x	x
Partners								
Individual	x	x	x	x				
Family money								

x represents presence of factor or theme

3.7.1 *Categorization of Data: Development of Themes*

Six central themes emerged from the interviews of Mexican social entrepreneurs: resources, leadership, psychic distance from the issue, cross-cultural influence, motivation, and organizational development strategies. The themes were discovered by the primary author after conducting unstructured interviews in Mexico with questions based on Gartner's (1985) framework for describing new venture creation, which includes the entrepreneur, the organization, the process, and the environment. Specially, each interviewee was asked to share information based on the following statements: (1) Tell me a bit about yourself and how you came to be involved in your current work. As you tell me this, add insights about your current and earlier leadership style and motivation for engaging in this work; (2) Describe actions you took, by yourself and/or with others, to set up the venture you are currently working with; (3) Tell me a bit about your organization, include whatever you think is important, such as size, location of operations, organizational growth; and (4) Tell me what about your national and local environment motivates and constrains your work, consider things such as the macro-economy, tax and regulatory structure, and socio-political environment, e.g., labour, religion, politics, institutional voids³ (Mair and Marti 2009).

Table 3.2 provides a brief explanation of the themes. These six themes were subsequently used to develop questions for the interviews of Indian social entrepreneurs. Having pre-determined categories for the Indian interviews reduced possible translation challenges of interpreting if the social entrepreneurs' wording was equivalent across the two samples. Alternatively stated, the Indian interviewer—fluent in both English and the native languages of the social entrepreneurs (Hindi and Bengali)—constructed questions based specifically on the themes to increase the focus of answers and improve comparability across two countries. Using the same questions in the Indian interviews improved comparability across samples, as did selecting Ashoka Fellows and entrepreneurs working in the same social sector areas. This approach for controlling extraneous variables within and between the nations facilitated a focus on the entrepreneur's work and traits, enabling the researchers to uncover concepts related to Gartner's (1985) framework and processes of effectuation and social capital. From these general themes, the authors developed the sub-themes based on the interview information. The analysis and findings arose from each author noting how social entrepreneurs described themselves relative to each category. Since the focus of the present research is on the social entrepreneur, not the organization, only information directly related to the individual and how the organization or environment influenced the individual is reported.

³The present study does not include responses to all these questions.

Table 3.2 Interview themes

Themes	Description
<i>Resource(s): background</i>	
Capacity	This is distinct from experience. Capacity focuses on skill set or special knowledge, networks, limits to aptitude, education, gathering or owning resources to enable work
Affluence	This question is not asked directly, rather the interviewer gauges access to signals, resources of affluence. Examples may include, access to higher education, private education, parents’ professions, prior profession. Interviewer may also note changes in or references to affluence, such as losing connections or finances, pursuing/desiring affluence, rejecting affluence
Industry/In field experience	Did the social entrepreneur mention that s/he had direct experience in the field or with the social/environmental issues currently focused on? This may include post-graduate field study, volunteer work, or professional assignments
Previous entrepreneurial experience	Has the social entrepreneur had direct entrepreneurial or start-up experience prior to current work? If so, what and how/if related. Interviewer may also note if family members were entrepreneurs
<i>Leadership</i>	
Empowerment of others	Does the social entrepreneur focus her/his leadership on building capacity and power in others? This may include delegation and providing for training
Changed leadership styles	Did the social entrepreneur mention that at some time from inception of work to current day s/he changed the way s/he leads people? If yes, note reason for change
Individual	When referencing her/his leadership style did social entrepreneur focus mainly on his/her own capacities and abilities? Were most examples of building, growing, managing the organization based on work s/he accomplished?

(continued)

Table 3.2 (continued)

Themes	Description
Visionary	Did the social entrepreneur discuss the vision or future orientation of the work? Did s/he express a future state for the sector and discuss how his/her own work leads to this improved state?
Collective	When referencing her/his leadership style did social entrepreneur focus mainly on the team or other capacities and abilities as important to making progress? Were most examples of building, growing, managing the organization based on work accomplished by team or others?
Innovation (newness)	Did the social entrepreneur reflect on the implementation of new or innovative leadership approaches or methods?
<i>Psychic distance</i>	Includes experience with a problem or issue that resulted in the creation of the organization
Close	Personal, first-hand, or direct family experience with the issue the social entrepreneur works with
Observer	Did the social entrepreneur see a need or gap to be filled in the market or society, resulting in the development of the organization?
<i>Cross-cultural influence</i>	Does/Did the social entrepreneur have significant contact with people from other cultures (outside their own country)?
Intense	Lived abroad for an extended period of time. Is first generation born or immigrated to the current country (e.g., parents are European and emigrated to India/Mexico)?
Sporadic	This may include significant interaction with people from other cultures, but not living experience. If studied abroad for short period but didn't live abroad it is labelled sporadic.
<i>Motivation</i>	What the did social entrepreneur declare to be the primary motivator for acting toward resolving the social issue s/he works on?
Spirituality	Social entrepreneur mentioned having a particular religious or spiritual motivation to get started or take-on this work. May include statements like "I had an epiphany" or "God spoke to me", etc.
Passion	Social entrepreneur described having a particular desire or "unexplainable urge" to work toward resolving the issue

(continued)

Table 3.2 (continued)

Themes	Description
Personal	Either direct contact or observation with social/environmental issue spurred social entrepreneur to act
Spreading ideas	Impetus to start or continue work is to advocate or advance ideas of how to address social problems
Empathy	Social entrepreneur expressed empathy or compassion toward others affected by the social/environmental problem
<i>Organizational development: financial support & entry approach</i>	How did the social enterprise initially start (and possibly finance) the organization? Did s/he partner with family, friends, did s/he use his/her own or others' money?
Family	
Partners	
Individual	
Family money	
<i>Other themes....</i>	Were there other topics that came up during the interview worth noting?
Personal conflict mentioned	Conflict can take the form of desire to balance making money and doing good
Going against the norm	For example: "All my classmates were concerned with making money, I wanted to make a difference," or "everyone wanted to ignore these people, this problem... I wanted to take action"

3.8 Analysis and Findings

Before presenting the data from interviews, the following sections provide a brief summary of the respondents' demographics. Following this is data from the interviews of the eight social entrepreneurs (four in Mexico and four in India) first across the six themes (resources, leadership, psychic distance from the issue, cross-cultural influence, motivation, and organizational development strategies), and then between the two nations. For brevity of presentation, direct quotes have been omitted. Woven throughout the discussion is the connection to the theoretical frameworks of effectuation and social capital.

3.8.1 *Demographics*

Age: Interestingly, six of the eight social entrepreneurs (SEs) (omitting MX9 and IN1) started their core work within the respective sector in their 20s. This may be because the courage to answer the call for societal and environmental challenge is mostly taken up in one's youth (Friedman 2016). With age and life-cycle responsibilities, people generally become more judicious and practical in decision-making, thus risky undertakings are more commonly seen among more youthful groups—especially when affluence (e.g., personal or family wealth) is not evident. This speaks to the importance of introducing the concepts of service, social entrepreneurship, and general societal awareness early in one's life and educational experience. This can build empathy and lead to more initiative taking by potential future leaders.

Gender: The selected Indian social entrepreneurs were purposively chosen from sectors from which Mexican social entrepreneurs were selected, to enable comparison. Thus, the sector was pre-determined in selecting respondents in India, and gender was not a determining factor. Hence there is no proposed explanation or conclusion from the sample of 3 male Indian social entrepreneurs (75% of the sample) and 3 female Mexican social entrepreneurs (75% of the sample). While the Global Entrepreneurship Monitor (GEM) report on social entrepreneurship states that the world's social entrepreneurs are 55% male and 45% female (Friedman 2016), the authors make no generalization or connection to theory regarding the gender of social entrepreneurs in either country.

Theme 1: Resources

This category considers the entrepreneurs' backgrounds along various aspects. In accordance with social capital theory (Putnam 1995), the authors propose that those with more diverse and affluent personal histories, including previous experience, may leverage these resources to create organizations more easily than those without access/exposure to such resources. Four sub-themes within the general discussion of resources emerged (capacity, affluence, industry or in-field experience, and previous entrepreneurial experience). Table 3.2 provides the general definition that guided the authors in categorizing social entrepreneurs' responses into sub-themes.

Capacity: All the eight SEs interviewed possessed capacity, meaning that they had skill sets or special knowledge, networks, or advanced education, to enable the work in their particular field. It must be noted that capacity is distinct from experience. Capacity of IN1, who works in the Microfinance sector, for example, developed from the deployment of social networks from his earlier job. At the same time capacity can also be considered to be education in the family, an awareness or concern shared by family in the related field, as was reported by IN2, whose family included members with mental health challenges making her aware of societal marginalization of people facing such challenges. Thus, the intangible resources required to take up such a venture lay in the education and awareness of the family of IN2. All the Mexican entrepreneurs, noted their capacity emerged from personal networks (i.e., bonding social capital) and educational opportunities afforded to them.

Thus, the data suggests a preliminary conclusion that capacity in the form of social capital and special knowledge facilitate action by an individual to assume the role of a SE.

Affluence: All social entrepreneurs in Mexico had affluence (i.e., personal or family wealth) in their backgrounds. On the contrary, only one Indian social entrepreneurs (IN2) had this advantage. Resources of affluence that became evident during interviews included access to private education, parents' professions, and prior personal profession (e.g., MX9). The interviewers also noted changes in affluence, such as losing connections or finances, pursuing/desiring affluence, rejecting affluence. Again, IN2 had education, which was a sign of affluence in relation to other girls in her socio-economic strata. Social capital theory would suggest that certain networks (bonding and bridging capital) may result from connections achieved in affluent setting. Effectuation theory, on the other hand, might propose that lack of affluence results in making do with what is available and constructing something new out of existing resources. Thus, affluence need not be considered an essential characteristic in the background of a social entrepreneurs.

In-field experience: For this sub-theme, the authors reviewed social entrepreneurs' comments about themselves to assess the presence of direct experience in the sector related to the social/environmental issues on which the social enterprise currently focused. For the purpose of clarity, experience also included post-graduate field study, volunteer work, and professional assignments. Two of the sampled SEs in Mexico (MX4 and MX9) had in-field experience whereas only one in India (IN1) had in-field experience. The finding that few SEs in this study had in-field experience supports suggestions from effectuation theory that social entrepreneurs can be active creators of resources, even without prior direct know-how.

Previous Entrepreneurial experience: Only two SEs, one in Mexico (MX4) and one in India (IN1), had entrepreneurial experience prior to the current venture in which they are engaged. This lack of previous, entrepreneurialism speaks to the idea from effectuation theory that innovators gather what is available and move forward rather than waiting to develop exactly transferable skills or proficiency.

Theme 2: Leadership

Leadership concepts were derived directly from social entrepreneur's response to queries about of his/her leadership style (information was garnered from both primary interviews and interviews published in the public domain). Six sub-themes surfaced from the sources consulted: empowering of others, changes in leadership style, individual, collective, and visionary styles, and innovation in leading the organization. The authors did not propose specific leadership styles would be present in either nation, rather there was a supposition that SEs in each location would activate the multiple social capital networks available to them to empower others while striving to change the status quo. Results seem to suggest this is evident.

Empowering Others: Reflective of the true ethos of social entrepreneurship, the authors sought to understand if the social entrepreneurs focus their leadership on building capacity and power in others. The answer was a 100% yes in all cases, both in Mexico and India. This perception of empowerment of others included a

delegation of authority to employees, mostly loyal employees who have been with the organization for an extended period of time (IN1, MX5, MX6, MX9) and also providing for training for staff. Such training did not necessarily build capacity but made employees feel empowered by strengthening their connection (i.e., social capital) to others in the organization (IN3) and sector (MX9). The authors propose that this consistency of leadership style may, in part, be attributed to the recognition by and affiliation with Ashoka. Furthermore, the behaviour of empowering their team would lead the way for sustainability of their organizations and pathways of effective succession planning.

Changed Leadership Style: As their work expanded, two Mexican SEs (MX4 and MX6) and three Indian SEs (IN1, IN2, and IN4) noted that their leadership styles changed. This phenomenon is supported by social capital's concepts of bonding and bridging. As time progresses and the enterprise grew, leadership patterns evolved and the social entrepreneur her/himself became more engaged in policy and overall management, rather than direct action (MX4, MX5, and MX9). Several SEs mentioned that at some time from inception of work to current day s/he felt it was no longer possible to micromanage, nor was it a preferred option; rather, SEs believed in empowering the second level of command. (IN3 has possibly not reported this change because his organization has not grown as much in size as the others.) This is an interesting contrast to the oft-cited problem of the "founder's syndrome" in nonprofit organizations. The "founder's syndrome" exists when the founder of a nonprofit leads with a less-flexible, more authoritarian style that results in limited ability to flex with changing society or let go of the original operational processes from when she started the organization to present time (Rowe and Conway Dato-on 2011, p. 34). The authors suggest this distinction illustrates the fundamental difference in both the motivation and governing logic (Santos 2012) of a social entrepreneur (i.e., empowerment) and a charity or nonprofit (i.e., service).

Individual/Visionary/Collective: When referencing her/his leadership style, all SEs in Mexico as well as IN1 and IN3 in India focused on the team or others' capacities and abilities as important to making progress and sighted most examples of building, growing, managing the organization based on work accomplished by team or others. The social entrepreneur was considered to have an individual leadership style when s/he focused on mainly her/his own capacities and abilities. Only IN2 reported following an individualistic leadership style, whereas all others have been found to have practiced a collective leadership style. Similar to how social entrepreneurial leadership was distinguished from NPO leadership above, the authors contend that the focus of social enterprises on collaborative rather than individualistic leadership distinguishes these leaders from commercial entrepreneurs who often see themselves as the main drivers of innovation and success. This finding also reinforces thinking by Peredo and McLean (2010) and others who encourage researchers to look beyond the individual (e.g., hero worship) to the team or community (Lindgren and Packendorf 2006) built in the process of implementing social entrepreneurial solutions.

Both MX9 and IN4 considered themselves to be visionary leaders. In their discussion with the authors, each expressed a view of the future state for the sector and

discussed how their individual work leads to this improved condition. One dreams of a life free of social and political bondage for children (IN4) and the other (MX9) dreams of freedom in political and economic sense (e.g., freedom from oppression and poverty).

Theme 3: Psychic Distance

An inquiry into the psychic distance the social entrepreneurs have from the cause addressed by their work (i.e., direct or observer) introduced a salient revelation. As described in Table 3.2, a close psychic distance is present when the social entrepreneur has personal, first-hand, or direct family experience with the focal social issue motivating the work. When the social entrepreneur sees a need or gap to be filled in society, resulting in the development of the organization, it is said to be an observer's psychic distance. Most frequently, observation of others dealing with the social issue resulted in the creation of the social enterprise (MX6, MX9, IN1, IN3, and IN4), rather than direct experience with a problem or issue (MX4, MX5, and IN2). This finding supports suggestions by Zahra et al. (2008) that many SEs target geographies and issues with decidedly dissimilar cultural and psychic distance from their own.

Theme 4: Cross-Cultural Influences

During interviews with SEs in Mexico, several mentioned how their experience living (intense) or studying and traveling (sporadic) abroad opened their minds and hearts to issues that others faced and to unique solutions to problems faced in their home countries (e.g., MX6, MX9, and many more in the larger data set). Such experiences improved their innovation and enabled them to design new approaches to addressing intractable social challenges. This prompted the authors to investigate if similar cross-cultural influence was evident in the Indian SEs. None of the four Indian SEs reported exposure to cross-cultural experiences. In fact, they did not have any significant contact with people from other cultures/country prior to developing their enterprise. All the SEs noted that once they became Ashoka Fellows, their international connections grew through conversations and conferences with Fellows from other nations and donor/funding agencies (e.g., sporadic). These observations follow conclusions of social capital research suggesting that building professional as well as personal social networks promotes the entrepreneur's and the organization's success (Conway Dato-on et al. 2018; Easter and Conway Dato-on 2015).

Theme 5: Motivation

Next, the authors consider primary motivators for SEs to act. In general, Indian SEs described many more motivations and clustered in many of the same motivations. All Indian SEs discussed the impetus to start/continue work to advance ideas to address social problems as personal desire to affect change, individual passion, and the will to go against the norm of society. A similar pattern was not found among Mexican SEs, of whom only two expressed personal desire to affect change and go against the norm (MX4 and MX5), and only one mentioned the idea of individual passion (MX6). Comparably, the motivation of empathy toward others affected by the social/environmental problem (IN2, IN3, and IN4) and spreading ideas (IN1,

IN3, and IN4) was more evident in India than Mexico (MX9). On the contrary, more Mexican SEs (MX4, MX5, and MX9) expressed having a life-changing moment (an internal, individual-based motivator) than those from India (IN2). Interestingly, although both countries are known for their strong religious and spiritual traditions, only one social entrepreneur from each location (MX4, IN1) mentioned spirituality as a motivation. These self-reported motivations of Indian social entrepreneurs varied from those previously measured via questionnaires (Vasakarla 2008), tempering the interpretation of results from this small sample.

Theme 6: Organizational Development: Financial support and Entry Approach

As the interviews progressed, the topic of how the organization was developed arose. While the sub-themes of family support, co-founding partners, individual efforts, and family money arose from the larger Mexican database, an interesting bi-polar response resulted with the comparison of the four SEs from each country. In India, all of SEs developed the enterprise with support from family, but none of the Mexican entrepreneurs mentioned this type of support. All Mexican SEs initially used their own funds or saving to begin the organized work. This connection may seem obvious when cross-referenced with the high affluence among Mexican SEs compared to those from India. The two different nation-based approaches also lead the authors to question how effectuation may operate differently in each locale.

Comparing Mexican and Indian Social Entrepreneurs (SE) by Sector

The following section contrasts the Indian and Mexican social entrepreneurs working in the same sector. This cross-sector comparison enables the authors to consider sector-level similarities and differences, which facilitates a discussion on how issue-related context may influence social entrepreneurial work regardless of national location.

Mental health: Both SEs operating in this area (MX4 and IN2) brought their own resources to undertake this very challenging work on a delicate issue that neither society openly discusses. Though MX4 had in-field experience, IN2 had none. Both SEs evolved their leadership styles for the empowerment of their team and were close observers to the challenges that mentally unhealthy individuals face from their personal experiences and life-changing moments.

Empowering women through livelihood development: Both MX5 with IN1 observed the plight of marginalized women as an observer, which created their personal motivation to pursue the work. Looking deeper at personal motivation, however, a difference is noted; an Indian social entrepreneur explained spiritual motivation that helped him overcome the dilemma of how to “do good vs. make money.” On the contrary, the MX5 SE described a “a life changing moment” (not of a spiritual nature but rather as a political transformation in her country) that facilitated her ability to go against norm.

Comparing the sectors of *Empowering women through livelihood development* and *mental health*, it may be suggested that whereas in the case SEs focused on the empowerment of women through livelihood generation, where both able to use their own network to initiate and develop such organization, in case of mental health

counselling the SEs reported that the inadequate or non-existent support received from their network and existing organizations in their respective countries was absolutely crucial in motivating them to start the enterprises. The authors suggest these differences may be grounded in the social acceptability of discussing and acting on issues related to each sector. In other words, both Mexico and India experience the exclusion of women from productive society. The issue and people who work to change the situation attract the attention of multiple actors (e.g., government and private) from which the SEs could strengthen their existing network. Such results point to the importance of both effectuation (acting then gathering needed resources) and exploiting social capital networks.

Mental health/illness, however, remains a taboo subject in both nations as evidenced, in part, by the SEs inability to find adequate services to meet their needs. This gap provided the motivation to educate themselves and develop innovative approaches, despite the lack of existing support networks. SEs in both Mexico (MX4) and India (IN2) working in the area of mental health have experienced close psychic distance. Therefore, the authors infer that the trauma that one experiences due to the ill-treatment of mentally unhealthy person is truly life changing and may have forced these individuals to incubate such innovative enterprises. In a detailed discussion with IN2, it was suggested that she was so upset by society's ill-treatment of her family members who struggled with mental health issues, that she felt this urgent desire to start the SE. Even MX5 was a woman who had faced exploitation that drove her to start the social enterprise with the focus of preventing other women from similar situations.

Children's rights and education: Paralleling SEs working in this sector (MX6 and IN4), the authors observe tremendous similarity across all topics discussed. Namely, MX6 and IN4 had the necessary background of resources and supportive networks to begin their efforts. Their leadership style evolved as their organizations grew and both lead by empowering others in the team. Their learnings from observing the condition of children deprived of basic rights to education and hence being exploited remained their lifelong concern and drove their passion to be the changemakers for children. The noticeable difference between MX6 and IN4 is the influence of their respective affluence. Namely, while IN4 did not directly experience exploitation, he was closer than many to those who did because of his own family's economic situation. In the case of MX6, her distant observation of poor, deprived children in Mexico, while troubling, only became a call to action once she studied reasons for the situation and was exposed to creative solutions through her international experiences (i.e., bridging social capital).

Supporting agriculture and fisheries for the purpose of livelihood generation: Likening MX9 with IN3, one observes a similar target population with which the SEs work—minority and marginalized communities. Both MX9 and IN3 had adequate skill sets and respective social networks to start the social enterprise (i.e., capacity). Uniquely, they were the only two social entrepreneurs (in the same segment) who were both influenced by collective ideas in their leadership journey of empowering others. Discussions during interviews revealed that the deployment of this collectivistic leadership style came from learning how individuals who work close

to the land (e.g., farmers and fishermen) depend on each other to survive. Similarly, their observations of the reality of families whose livelihood were threatened possibly created their empathetic view and enacted their passion to make a difference. Again, the authors note the difference in affluence. One Mexican social entrepreneur (MX9), through previous experience as a management consultant directly observed the impact of corporate-level decisions on families working in the agriculture and mining sector. After a “life-changing moment,” he vowed to deploy his deep capacity to advance, rather than devastate livelihood. He was then able to deploy personal resources gained from previous experience to enact change in a system that deprived small farmers of opportunities to improve their lives. One Indian social entrepreneur (IN3), on the other hand, actually organically grew the resource capacity of the movement by engaging the marginalised people. It was the combined strength of the people whose farms and fisheries were threatened that became the core resource to drive the systemic change. His long association with the sector and the local people enabled him to bring about a collaborative movement that aimed at the prevention of exploitation of their lives.

3.9 Discussion, Conclusions, Future Research

Even though social entrepreneurship is multi-dimensional and almost universal in presence, the different meanings in different institutional settings caution researchers to be careful when making conclusions based on the findings from one country (Kedmenec et al. 2015). Thus, comparative research, such as the one presented here, adds value by expanding the view of the social entrepreneurial constructs and their application. In particular, when analysing how context-specific variables influence social entrepreneurial activities, the driving purpose of this paper, the cases of Mexico and India become highly relevant since each combines its status as an emerging country (due to its macroeconomic indicators, as defined by international organizations such as the International Monetary Fund) with complex political and social conditions that should be discussed from an approach of adaptation to its local reality (Peredo and Chrisman 2006; Alvi 2012). Emerging countries “have their own combination of state regulations, industrial normal, civil organizations and community groups, that result in different sense making and strategic choices” (Yin and Zhang 2012, p. 302). The Western world, particularly the United States, which emphasizes individualism, continues to dominate the conventional view of what entrepreneurship is all about (Peterson 1988).

As such, this exploratory study contributes to the literature in three ways. First, the work provides a glimpse at how effectuation and social capital theory can be used to compare characteristics of social entrepreneurs across two national settings. Second, exploration of the social entrepreneurship phenomenon within the contexts of Mexico and India where practice greatly outweighs research (Auvinet Briulet 2013; Jauregui Casanueva 2013) is advanced. Third, cross-sector comparisons adds richness to a discussion of macro- and meso-level phenomena that social entrepreneurs bring with

them as they embark on the difficult task of creating social change. Taken together, these contributions have the potential to add-value for academicians and practitioners of social entrepreneurship.

While specific conclusions from comparisons by theme and sector are noted above, the authors draw attention to five important conclusions as propositions for action among social entrepreneurs and their supports—including educators of future social entrepreneurs. First, social capital matters. The data repeatedly showed that social entrepreneurs relied on and developed strong networks across all types of social capital [i.e., bridging, bonding, linking as described by Coleman (1988) and Putnam (1995)] to activate and manage their work to enhance the social wealth of others. This finding suggests that organizations, whether government- or private sector-based, who want to promote social entrepreneurship need to provide professional linkages to the entrepreneurs. Similarly, educators should facilitate building social capital for future social entrepreneurs to leverage.

Second, effectuation strategies implemented in both countries and across different sectors enabled social entrepreneurs to overcome constraints of previous experience and lack of affluence. This finding supports prior research suggesting that having a well-flushed plan to “sell” to potential supporters may be less important than small wins and early-to-market attempts, which gather experience for the social entrepreneur and may garner support to enable scaling of activities in the future (Sarasvathy 2001, 2004).

Third, when discussing leadership with this sample of successful social entrepreneurs from both Mexico and India, the themes of empowerment and empathy (observed through psychic distance) recurrently surfaced. These findings support previous research suggesting empowerment as the distinguishing factor of social entrepreneurship from other social change approaches (Santos 2012) and provide direction for trainers and supporters of entrepreneurs. Discovering these leadership similarities across two distinct countries strengthens the conclusions that social entrepreneurship has global elements even when local conditions may vary.

As a fourth conclusion, the authors emphasize that flexibility is essential to start and succeed in social change. This further substantiates teaching and implementing strategies of effectuation, especially in the rapidly changing dynamics of emerging markets. Relatedly, the willingness to take risk, an important dimension of (social) entrepreneurial orientation (Lumpkin and Dess 1996) not directly discussed here, may be increased when social capital networks support the need to push for change in the status quo.

Finally, results indicate that social entrepreneurs’ motivations are neither consistent nor easy to pinpoint either within or between countries and sectors. This may be concerning given the numerous studies striving to understand motivation, but the present authors prefer to see this finding as evidence for the evolution of social entrepreneurship and social entrepreneurs as demanded by our ever-changing, globalized world. This idea is supported by Wulleman and Hudon (2016), whose research indicates that distinct typologies for social entrepreneurship are evolving in a dynamic manner determined by the resources and ambitions of social entrepreneurs.

As with all research, the present study is a step on the ladder to a deeper understanding of theoretical and practical phenomenon. The authors fully acknowledge that this research is exploratory and due to the small sample size has limited generalizability. However, the unique two-country comparison provides insights into cultures not previously juxtaposed and motivates the writers to continue toward more comprehensive work. The work is meant to lay the groundwork for future qualitative research on social entrepreneurs in emerging markets. As the limitations in sample size are overcome in subsequent studies, the opportunity to strengthen connections to additional theories such as servant leadership (Parris and Peachey 2013) and self-categorization as social identity (Turner et al. 1987) exists.

Annexure

See Tables 3.1 and 3.2.

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Chapter 4

A Critical Analysis of the Social Business Model of Kala Raksha: An NGO with a Purpose of Women Empowerment



Rama Venkatachalam and Netra Neelam

4.1 Introduction

India is a large developing country with over 23 million unorganized artisans; more than that of any other nation (Tyabji 2003). There are over 7 million artisans in rural India, engaged in crafts, the backbone of non-farm rural economy of the country; the second largest rural activity next to farming (The Edmond De Rothschild Foundations 2013). Sadly, all these artisans are a part of the informal sector of the economy and informal sector seems to be the most ignored sector of the economy (Daniel 2005).

India is well known world over for its incredible legacy of handicrafts. Its sheer vastness reflects the diverse craft cultures of the country. Each craft is unique and significant in its own way; having its distinctive designs, colour, style and technique. Be it the Gond painting of Madhya Pradesh, Bhujodi shawls of Kutch, Bodo weaves of Assam, Bidri work of Andhra Pradesh, Kashmiri copperware, Dhokra work from Orissa or Sanjhi paper cutting from Uttar Pradesh and the countless regional weaves. It is almost impossible to describe the entire landscape of crafts in India due to its vastness and fluidity (Jaitly 2012).

Though skilled in traditional crafts, the artisans lack economic opportunities. They lack access to markets, don't understand customer needs; both local and global, hence are unable to retain their place in mainstream markets and earn a sustainable livelihood. Unlike farmers, artisan's distress is not responded to, because they are very flexible and move to alternative occupations like agriculture, construction, trading, etc., for sustenance and more earnings. Many artisans are even abandoning the craft form as they are paid very low wages compared to the high value of their products.

R. Venkatachalam
St. Mira's College for Girls, Pune, Maharashtra, India
e-mail: rama.venkat@stmirascollegepune.edu.in

N. Neelam (✉)
SCMHRD, Symbiosis International University, Hinjewadi, Pune, Maharashtra, India
e-mail: netra_neelam@scmhrd.edu

Another difficulty identified recently is preserving the craft by keeping the next generation involved. Due to financial pressures, the children of the artisans opt for other “aspirational and upmarket” professions, while giving up on the traditional occupation, thus creating a future threat to the craft form.

Thus, it is important to integrate the informal sector of the economy into the mainstream economy by building support systems and systemic interventions that can help improve the lives of the artisans by increasing their work opportunities thereby providing income security. This will help in sustaining the artisans and their craft traditions. Moreover, valuing and preserving traditional techniques is important in an increasingly globalized world. Empowerment literally means “becoming powerful”. In the simplest of words, it is basically the creation of an environment where women can make independent decisions on their personal development as well as shine as equals in society. Appropriate external support and intervention, however, can be important to foster and support the process of empowerment. Development organizations can, under some circumstances, play an enabling or facilitating role. They can ensure that their programmes work to support women’s individual empowerment by encouraging women’s participation, acquisition of skills, decision-making capacity and control over their lives.

International organizations like the World Bank and United Nations have focused on women’s issues especially the empowerment of poor women in rural areas. In the late 1980s and early 1990s, NGOs, or the non-governmental organizations have also taken on an increased role in the area of women’s empowerment. NGOs, previously catering to women’s health and educational needs have moved beyond this traditional focus to addressing the underlying causes of deprivations through promoting the economic and social empowerment of women (Kerry 2003). NGOs aim to provide economic empowerment through skill development in order to assist women to face the challenges of living.

Craft organizations/NGOs have been the strongest supporter of the craft sector, by assisting the artisans in achieving economic self-sufficiency, through facilitating innovation within tradition; to transform traditional art into contemporary products. Artisans contribute to concepts as well as skills in creating products. The skill of the artisans is human capital, but the artisans are not able to capitalize on their skills independently. Hence, a need is felt to depend on the networks and relationships within a social group which translates into achieving social capital. Social Capital refers to resources (such as information, ideas, support) that individuals are able to procure by virtue of their relationships with other people. These resources are called “capital” as they are “social” in nature because they are only accessible in and through these relationships. The structure of a given network—who interacts with whom, how frequently and on what terms—thus has a major bearing on the flow of resources through that network. Those who occupy key strategic positions in the network, especially those whose ties span important groups, can be said to have more social capital than their peers, precisely because their network position gives them heightened access to more and better resources (Burt 2000). This, in turn, helps the

artisans capitalise on their skills and earn a sustainable livelihood that benefits them and their families.

A number of these craft organizations have adopted different craft forms. Kala Raksha (KR) of Kutch, Gujarat is one such NGO working for the revival and preservation of Kutchi embroideries. The trust aims to preserve the traditional arts of the region by making them culturally and economically viable. Trust activities are artisan driven. Without artisans, there can be no traditional arts. KR encourages community members to work together towards the goal of self-sufficiency. Generating income through their traditions, community members can realize their strengths and maintain their identity as they develop.

Comprising artisans, community members and experts in art, design and museums, KR was founded in 1991 by a group of artisans and Mr. Prakash Bhanani. KR project came into existence in 1991 but was officially registered in 1993. It focused on a group of embroiderers in the village of Sumrasar Sheikh. These people migrated from Nagar Parkar in Sindh in 1972, bringing with them some fine skills of traditional embroideries as well as some beautiful pieces in Suf and Kharek embroidery styles. With generous support from patrons of traditional arts, a permanent collection of traditional embroideries was started. Since they did not get much support from the government in settling down in India, a group of 20 artisans were organized and guided in producing Suf embroidered items for sale in order to earn a livelihood. Thus KR was established comprising artisans, community members and experts in the fields of art, design, rural management and museums, KR had managed to rope in 1,000 embroidery artisans of 7 ethnic communities.

Kala Raksha means “Art Preservation” The trust aims to preserve the traditional arts of the region by making them culturally and economically viable. Trust activities are artisan driven. Without artisans, there can be no traditional arts. As far as possible, positions from office managers, to coordinators to tailors are drawn from the immediate local communities. The trust provides training as needed to make this possible. KR encourages community members to work together toward the goal of self-sufficiency. Generating income through their traditions, community members can realize their strengths and maintain their identity as they develop.

From the outset, KR's income generation project has been self-sustaining. However, being a not-for-profit-based organization, KR requires financial assistance to support ongoing social welfare programs and capital-based expansion such as construction of new facilities, etc.

Over the years, KR has gratefully received funding from various Indian and International agencies like ATA, American-India Foundation, Bestseller Foundation, Handicrafts (GOI), Eileen Fisher, Ford Foundation, National Bank for Rural Development (NABARD), Sir Ratan Tata Trust, UNESCO, Winrock International, etc.

The centre has an office room, museum, showroom, stitching centre, godown, pantry and craft restoration room. There is a small open dining area. The guest rooms are on the first floor. KR in Sumrasar Sheikh Village was designed by Ahmedabad architect R. J. Vasavada, follows Kala Raksha's philosophy of innovation within

traditions. The buildings are based on the traditional round bhungas, but use contemporary materials and technology. Office, workshop, resource centre and museum are all computerized. The centre is fully electrified with photovoltaic solar power.

Committed to documenting existing traditions, the artisans of KR participated in establishing a museum that maintains a collection of heirloom textiles. Thus it embodies a simple but revolutionary concept: involve people in presenting their own cultures.

In its second decade, KR began to address the most pressing need: *education*. Established in 2005, Kala Raksha Vidyalaya (KRV), an institution of design for traditional artisans, provides an environment and methodology appropriate to traditional artisans. A year-long course in contemporary market-driven design, based on problem-solving within traditions, enables artisans to revitalize their art. KRV strives for relevant education and its graduates have been recognized for excellence and have dramatically increased their income. A significant number have been able to establish their own businesses. KRV intends to raise the value of handwork and preservation of art traditions.

Artisans' initiative and participation continue to drive KR's work. Artisan Design Committees study the collections and create exquisite contemporary work. Artisan Pricing Committees evaluate each embroidered piece, ensuring fair wages and excellent quality. Finally, artisans participate in sales, linking them directly to their market.

KR's commitment to the community has seen it grow in different areas that ensure continuous benefits. KR's efforts to support the creation of unique and traditional products have been appreciated worldwide. Its broad range of arts include hand-embroidered, patchwork and appliqué garments, home furnishings, salwar kameez (tunic and pants suits), jackets, shawls and dupattas (scarves). KR also offers cozy patchwork quilts, toys, purses, gifts and leather table tops. They keep adding to their product line on a regular basis keeping in line with demand for the handcrafted products.

KR has taken initiatives in the form of product and process innovation, marketing and promotion, training and development. This helps in understanding the organization's environment and enable to test whether the profit earning is well aligned with the social purposes of craft revival and empowerment.

The researchers felt a need to identify and critically analyse the model adopted implicitly by KR to achieve the above purpose. KR has been able to go beyond immediate profits and higher incomes. Every organization has a business model, even if the word "business" is not used as a descriptor. A business model (Osterwalder and Pigneur 2010, b, c) describes the rationale of how an organization creates, delivers and captures value. KR achieved its objectives through product and process innovations, building markets and strengthening supply chains. And for the artisans, it meant higher productivity, sustainable earnings and greater empowerment.

Yunus et al. (2010), the microcredit pioneer, founder of the Grameen Bank, and 2006 Nobel Peace Prize winner, wrote "a social business is designed and operated just like a 'regular' business enterprise, with products, services, customers,

markets, expenses and revenues”. Hence even so-called social businesses have business models. The difference is merely a matter of focus. Current research is an attempt to identify and critically evaluate the existing model at KR, where the focus is on empowering the women artisans by assuring a regular source of income through the revival and preservation of the Kutchi embroidery. Moreover, only 38 studies between 1998 and 2020 (TITLE-ABS-KEY (‘women AND empowerment’) AND TITLE-ABS-KEY (craft)) have been recorded in the Scopus Database as of 18 July 2020. Out of the total studies only 5 studies were published in Scopus.

4.2 Literature Review

India is well known world over for its diverse craft cultures (Ranjan and Ranjan 2009). The arts and crafts of India outline the regional styles, history, social and symbolic significance of many of the artefacts from the remote areas of the country. The rich source of artistic traditions by the skilful craftsmen has resulted in a diverse variety of arts and crafts. This represents the rich cultural heritage of the country that has fascinated all those who have encountered it for generations (Cooper and Gillow 1996).

It is interesting to note that the major and minor crafts created by the skillful craftsmen is very much in tune with nature. The abundance of nature in India greatly inspires the creativity of the people in it. The numerous artisans are able to create beautiful objects of everyday utility using the natural materials in the environment. It may be objects of divinity from rocks, lamps from minerals or wooden pieces into beautiful carvings and so on. The artisans are considered the greatest conservationist of the environment (Jaitly 2007).

The handmade traditions of the country not only enrich the day-to-day lives of the people, but also provides sustainable livelihood to millions of artisans (Ranjan and Ranjan 2009). Despite India’s industrialization and participation in the modern world economy, millions of Indians still depend on traditional skills to make a living with handmade products. After agriculture, handicrafts are the second largest employer in rural India. Many agricultural communities bank upon it as a secondary source of income generation during times of drought, lean harvest and famines. The handicraft and handloom sectors are Rs. 24,300 crores (US \$4.48 bn) industry contributing Rs. 10,000 crores (US \$1.85 bn) to India’s export earnings of Rs. 1.62 lakh crore (US \$300 bn) and provides employment to about 7 million people. But unfortunately, the majority of the craft production remains unorganized with its full market potential untapped. Propelled by loss of markets, declining skills and the difficulty catering to new markets a large number of artisans have moved to urban areas in search of alternative employment (The Edmond De Rothschild Foundations 2013).

It is a great cause of concern, and needs immediate government intervention in the form of various schemes for the craft sector; and genuine efforts for promotion and development of the crafts and the artisans. In addition, various co-operatives,

voluntary associations also need to put in sincere efforts for enhancing the skills and the working conditions of the artisans (Pradeep 2010).

Traditional crafts have undergone tremendous change in recent times. Urban markets have come to accept the concept of traditional crafts and artisans are now in search of new markets. However, traditional crafts are not saleable in the existing form in current markets. New designs and innovation is the need of the hour, to make the crafts more sustainable. Design intervention, with trained designers giving new designs to the artisans can be of help. But, separation of design and execution of craft supports the factory model where the artisan is reduced to a labourer. This further reinstates the low social status of the artisan as well as the craft. Hence, artisans need to tackle the problem of lack of design input themselves. They need to be actively involved in design innovation (Frater 2007). This could involve designing new products, with changes in shape, size, colour, surface manipulation, function and utility; exploring new markets and reviving lapsed markets; applying traditional skills to meet new opportunities and challenges; introduction of new materials, new processes, new tools and technologies. It is seen as an interface between tradition and modernity that matches craft production to the needs of modern living (Panda 2013). Thus to initiate innovation and creativity a conscious and methodical process of intervention is required. This will help fill the gaps in quality and productivity, the major problem faced by this sector (Amitava 2012). This will also help raise their level of self-confidence and creativity. Thus, the artisan has to be significantly involved in both design and craft development. The traditional artisans are bestowed with deep knowledge and hereditary skills of the craft. But to foster genuine sustainability and to restore the vitality of traditional craft, one needs to address the most pressing need in India today; relevant education for rural people (Frater 2007).

NGOs can be stated to be the strongest supporters of the crafts industry, both in terms of livelihood promotions as well as cultural preservation. NGOs via the SHGs framework play an important role in craft revival and preservation. These organizations mainly work with the help of volunteers and are able to grow and thrive under a strong leadership with a clear vision for the craft and its artisans (The Edmond De Rothschild Foundations 2013).

Dastkar Ranthambore can be taken as a case study, where people displaced by the Ranthambore Tiger Reserve make a living through handicraft. When the forests of Ranthambore were designated a tiger reserve in 1989, forest dwellers from the core zone were resettled outside the sanctuary. This cattle-rearing community lost its way of life, grasslands and ancestral houses. Looking to give the displaced people livelihood through craft, Laila Tyabji and conservationist Valmik Thapar held the reins. For almost twenty-five years, Dastkar's programmes have been supporting 350 women as well as a niche group of men in 8 villages. Kendras (or centers) established in Kuthalpur and Kundera have given the women a space to work on block printing, embroidery, patchwork and tie-die. Caste, religion, occupation and age were transcended as people worked together. Over a decade, skills were enhanced in order to engage with a quality craft. The women, now empowered, are able to sustain themselves and also carry individual bank accounts. Dastkar Ranthambore now exports its products and turnover is over millions of rupees. (Tyabji 2007)

Shrujan, a craft organization in Kutch, Gujarat, is reviving and rejuvenating the traditional embroideries of Kutch and using the craftswomen's embroidery skills to secure a sustainable livelihood for them (Trust Shrujan 2009). Kai Kraft, an SHG in Dharwad, Hubli, is working to revive the languishing Kasuti embroidery prevalent in North Karnataka. Through concentrated marketing efforts, Kai Krafts strives to improve the earning potential of the skilled artisans versed in these crafts (Venkatachalam 2013).

Sujan Crafts' vision and perspective on poverty alleviation of micro-enterprises (mainly led by women) had been to empower women, who were poor, asset less and illiterate- to understand, engage and integrate with critical enterprise processes and value chains. Sujan Crafts envisaged good scope of alleviating poverty in deserted areas of Rajasthan through economic and social empowerment of the rural artisans, encouraging them to take on entrepreneurial skills, and linking the primary producers with potential market players. The producer women were trained to comprehend the qualitative and quantitative aspects of the production, market needs and aspirations (Mehra et al. 2019).

Considerable efforts are being taken by Self Employed Women's Association (SEWA) in the promotion of handmade products made by the women of Kutch, Gujarat. Formal training was given for enhancing the skills and creating awareness about quality. Strict quality control measures were adopted for standardization of quality. Designers from India and abroad were invited to introduce modern designs and make the products more appealing and marketable to customers. Thus, SEWA has successfully introduced handicrafts as a means of livelihood for the women of Kutch, Gujarat (Dutta and Kamble 2004).

The crafts sector is the largest source of employment and income in rural India, where women are ahead of men. It is where their skill creativity and expertise are acknowledged. It is an area of economic and productive strength that Western countries have lost. The story behind the stitches of craft, women and development in contemporary India is interesting and inspiring. Each of the stories is a story of determination and strength of the women, mostly the unorganized and illiterate rural women who have empowered themselves in so many ways through their stitches. A group of Rabari women from the Gaddu Village of Dastkar, Kutch project, worked collectively on a mirror work panel that would go to the Women's Conference in Beijing. None of the women knew where Beijing was, but they wanted to be a part of the action working collectively on the piece, deciding its design and sending it out as their message of strength, creativity and independence.

The women have learnt to bank their payments and earnings and have started cooperative loans and saving schemes. They have taught themselves to read and write and do simple accounting to escape the exploitation by middlemen. The women craft communities of Gujarat recovered themselves and their families from the terrible trauma of the Gujarat earthquake through the skills in their hands.

The veiled Muslim illiterate housebound women liberated themselves by participating in the first chikan exhibition in Delhi fighting all odds. It has changed their attitudes to society, caste, marriage and purdah. The inherent craft skills have been a tool of empowerment for many of these craftswomen. Income generation is not

by itself, a synonym for development, but it can be a catalyst to developments many processes; education, health, community building, the repudiation of social prejudices, the empowerment of women (Tyabji 2003). Thus, a number of craft NGOs are playing an important role in empowering the women artisans and ensuring a sustainable livelihood for them and their families.

The concept of business model is relatively new and is linked to the “internet era” (Leon van der Heijden 2010). Though its origin lies in the technology industry, it is becoming increasingly important in other industries as well. It has grown due to the development and advancement in communication functionality of the Internet, resulting in innovative ways of doing business. This has brought about changes in terms of getting in touch with customers and creating value; thus resulting in new variations in business models and their implementation (Amit and Zott 2001).

“Business Model” as a concept is relatively new in the business research field as well (Osterwalder et al. 2005). At the beginning of the twenty-first century, a negligible amount of research was done to examine the concept. However, ultimately the rise of e-commerce boosted the attention it was given in the world of academic fraternity (Leon van der Heijden 2010).

Increased attention by academicians and business practitioners to the topic of Business Model has helped in bridging the gap between theory and its practice (Bastian Coes 2014).

It is interesting to note that though the term business model has been used by practitioners in recent years; companies have been creating, defining and innovating their models subconsciously from the start of business (Slavik Stefan Bednar Richard 2014).

Let us understand the meaning and definition of the term business model by different authors. Several authors define a business model as a system for making money. In their opinion, it is a set of activities which “produces revenues” and costs thereby creating a profit with the help of processes and technologies (Slavik Stefan Bednar Richard 2014).

At a very general and intuitive level, a business model is a detailed description of an organization and the way it carries out its different functions in achieving its goals, e.g., profitability, growth, social impact (Lorenzo Massa et al. 2014).

According to (Chesbrough 2006) “The business model is a useful framework to link ideas and technologies to economic outcomes” (Watson 2005) describes it “as operations of company, including all of its components, functions and processes, which result in costs for itself and value for customer”.

(Teece 2010) defines it “as how a company provides value to customer and transfer payments to profit.”

“A business model describes the logic of how an organization creates, delivers and control value and how money is earned in a company” (Osterwalder and Pigneur 2010).

A good business model is crucial to every organization, whether it is a new venture or an established player (Magretta 2002).

Business Model Canvas is a subject that has been widely discussed and researched since the publication of Osterwalder’s dissertation in 2004. Initially, it mostly

focussed on e-business and companies. In the past few years, it has expanded to include social business (Michelini and Fiorentino 2012; Yunus et al. 2010), NGO—business sector partnerships (Yaziji and Doh 2009), solution-orientated businesses (Storbacka 2011), sustainable businesses (Boons and Lüdeke-Freund 2012), living systems (Senge et al. 2010) and individual businesses (Svejenova et al. 2010). However, this topic is still under-researched and has potential for further academic research (Michelini and Fiorentino 2012) “further research should strive to extend the analysis to all the hybrid kind of business models that are being developed with the aim of creating shared value” (Sanderse 2014).

The concept of Canvas, defines business model using nine components: customer segments, customer relationships, distribution channels, value proposition, key resources, key activities, partners, cost structure and revenue streams. Canvas is a powerful visualization tool that clearly depicts the importance of each of its component and their inter-relationships. The visualization tool Canvas is regarded by many as the most complex, analytical yet flexible hands-on tool that can be used for the research of companies across all industries. It promotes understanding, discussion, creativity and analysis. Of course, the technique of Canvas has its own limitations as it does not include the purpose of company and its competitive environment (Osterwalder and Pigneur 2010).

Business models are designed and implemented in specific environments. The organizations environment is characterized by growing complexities, greater uncertainties and severe market disruptions, hence a good and continuous understanding of the organization’s environment is the need of the hour. This will help in developing stronger and more competitive business models (Leon van der Heijden 2010). Understanding changes in the environment aids in adapting the business model more effectively especially when the external forces are ever-changing (Osterwalder and Pigneur 2010).

Business model research of a Dutch tour operator was reviewed through analysis of the tour operator itself and its environment. The objective of this research is to identify the problems for this Dutch tour operator regarding their current business model and to develop a suitable competitive business model.

The analysis identified the key features of the business model that meets the basic demands of its customers and also highlights the gaps in it. The research also came up with practical suggestions and recommendations that could make the model stronger and the company more profitable. The findings of this analysis show that the main issues the tour operator has to deal with are: inefficient internal handling, slow quote generation, (too) high diversity in product offering, no corporate identity, labour-intensive information distribution and diversity in the product offering prevents possible economies of scale(Leon van der Heijden 2010).

In addition to the use of business model frameworks by for-profits, (Seelos 2010) highlights the use of the business model for non-profits as well. Organizations in the not-for-profit sector need to focus on better internal coordination of activities and external evaluation of the organization’s potential. This means better interaction with philanthropists to identify the most productive uses of donations and eliminate important bottlenecks in the business model to achieve better scalability. (Sleurink

2002) mentions that business models can help NGOs develop a strategy to accomplish their mission as well as, help in a clear understanding of the NGO in relationship to its environment through a strong framework.

Before going into the business model components, some understanding of social businesses as well is needed.

Social business comprises elements of both for-profit and non-profit sectors. It has a major overlap with for-profits in the sense that it is a venture in which profits are made for the business and not for its owners (Yunus et al. 2010). With regard to non-profit ventures, it has a strong social focus; but it is not a charity (Yunus et al. 2010). Hence, social business is based on the concept of shared value and sits on the line between for-profit and non-profit organizations (Michellini and Fiorentino 2012).

Literature reviews on social enterprise and social entrepreneurship clearly link the business model concept to the organization's capacity to be financially sustainable, which is determined by the organization's revenue-generating activities (Doherty et al. 2006; Liu and Ko 2012; Wilson and Post 2013; Zahra et al. 2009).

Today an increasing number of creative new business models successfully align the profit motive with social impact. Such models demonstrate that social impact and profits need not be sacrificed for each other. In fact, the two purposes can mutually support each other and work successfully, and the innovative business models can become a source of competitive advantage. Managers and entrepreneurs often fail to understand that successful sustainable business cannot be achieved only through a great new technology, product or service. Identifying and developing a good social business model can greatly improve the chances of success of their ventures. Any technology, product or service can be brought to market by a number of business models. The challenge is to find the best, most scalable model. This is possible after several rounds of analysis and critical assessments by designing, prototyping and exploring different alternatives and taking customer feedback. Once you nail the right Business Model then it's time to scale (Osterwalder and Pigneur 2010).

4.3 Objectives of the Study

The current study aims at critically assessing the gaps existing in the Social Business Model of Kala Raksha and providing suggestions to achieve sustainability and scalability to the unit.

4.4 Research Method

PCDO framework from commercial entrepreneurship can be applied to social entrepreneurship. The current qualitative study is a part of a larger study that focused on understanding the role of the Craft organizations in the revival and preservation of

the craft form with an aim to provide a sustainable livelihood. The wider ambit of the study included Kasuti embroidery, Lambani embroidery and Maheswari handloom along with “*Kutchi*” embroidery of Kala Raksha (KR). The interview instrument was semi-structured. It included a combination of open/narrative type and closed-ended questions. Adopting a combination of convenience and snowball sampling the primary aim of the interviews was to understand information. Key informants of the project were interviewed. Offices and workshops of the organizations, retail outlets/showrooms, museums maintained by the organization for the preservation of the craft and craft settlements were visited for observation. The study also comprised of Focus Group Discussions with the artisans associated with KR. The interview schedule was designed to collect qualitative data through focused group interactions with artisans and key informants on Brief History of the Organization, Organization Structure, Production Process, Product Innovation, Product Design, Quality Control, Training, Craft Revival, Restoration and Research, Marketing Initiatives, Artisans Welfare Building and some miscellaneous information. All the respondents for the study were associated with KR were originally from Gujrat. Interviews were conducted in Hindi and English with an occasional intermix of Gujrati. The sample for the study comprised of women artisans associated with KR and skilled in Suf, Kharek, Rabari, Jat, Mutava Patchwork and Applique work. Out of a total number of 135 randomly approached artisans, 70 women artisans showed their consent to participate in the current study. Over an interaction of 3 days, around 12 women gave useful and relevant insights for the study. Focus group discussions and field observations were documented in notebooks and audio recordings. The visits were supported with photographs of some women artisans, their craftwork, their home and ambience. These detailed interactions and focussed group discussions helped in a critical assessment of the social business model at KR.

Using a parallel approach to explore the different perceptions the study relied on qualitative methods with a focus on detailed narratives to identify the perspectives of Mr. Mukesh Bhanani and Mr. Harish Bhai who worked closely with KR for over 15 years. Information gathered through all these sources helped in getting a holistic picture of the social business model followed by KR through the lens of the nine basic building blocks of the Business Model Canvas laid down by Osterwalder and Pigneur. A clear understanding of the nine blocks, viz., customer segments, value propositions, channels, customer relationships, revenue relationships, key resources, key activities, key partnerships and cost structure facilitated in identifying the factors that influenced the business model of KR. The study aimed to achieve this by critically evaluating the key features of each of the nine building blocks. This enabled in identifying the gaps existing in the business model of KR and suggest sustainable and scalable business options.

4.5 Data Analysis

The entire data collected through various means (interview, archival data, participant observation, information collected through the Internet) were compiled into one document on a case-to-case basis. The data collection and analysis were iterative and interdependent. The data collection and analysis commenced in late 2014 and continued till early 2017. In the first stage, questionnaires were prepared based on the secondary data collected through online sources. These questionnaires were e-mailed to the management of KR along with a small letter of intent. In some cases, the questionnaires were followed by Skype and telephone conversations. After the emergence of a clearer picture of the organization through these data, the gaps in the authors' understanding were identified. These gaps helped the authors when they made field visits to the site. The final round of analysis aimed at engaging with the collected data to develop a deeper understanding of business model existing at KR through the following nine building blocks

4.6 Customer Segments

The customer segmentation was done based on the products on which the traditional embroidery was done. Firstly, the demand for the different products was estimated and then items on which embroidery could be made were selected to make the products. So over a period of time, KR diversified to a great extent to meet the changing demand of the customers but always tried to keep the tradition intact. From a narrow product line of ghagra choli, blouses and dupattas, over a period of time products being added facilitated customer segmentation. However, developing a systematic approach to customer segmentation could be given attention to. The product range includes home linen, furnishings, handbags, pouches, mobile/laptop covers women's wear, files/folders, soft toys, leather games, footwear with the latest addition being the saris. With this wide range of products, the customer segmentation happened implicitly. With a focused attention on this aspect, an informed decision of conscious customer segmentation could be executed.

4.7 Value Proposition

KR has played an important role in the revival and restoration of the dying Kutchi embroidery forms. The 6 forms of Kutchi embroidery, viz., Suf, Kharek, Jat, Mutava, Pakko and Rabari out of the nine and the patchwork and applique work is the value that KR offers to its customers. KR products are unique works of art. There is no technological intervention, not even for the printing of designs. The designs are

still drawn freehand. However, since embroidery is done freehand, it is difficult to maintain uniformity and standardization.

Bahubai Ben, one of the trustees of KR is a very enterprising lady who is highly innovative and creative. Even at the age of 75 plus, she loves to make new designs and experiments with new ideas. She has made a narrative art of a cricket match between India and Australia which was sold for Rs. 30,000. Raniben, mother of Late Prakash Bhai is a lady with a high level of enthusiasm, energy and great talent. She has participated in various exhibitions in Delhi, Ahmedabad and Mumbai. She has travelled to Australia to teach narrative art at Swinburne University, Australia.

KR has become a way of life for women artisans. *“I love making new designs and experiment with new ideas. I made a narrative art of a cricket match between India and Australia which was sold for a very good price. In my dreams also, I keep thinking new designs, colors and patterns”*, says Bahuben of KR.

Though one is able to see this level of involvement, lack of awareness and knowledge on the craft form fails to create the value that the product deserves.

4.8 Channels

The different channels of sales used are through orders, exhibitions in India and abroad, retail outlet at the centre, handicraft emporiums and through resellers like Jaypore on the online platform. The highlight at KR is that the role of middlemen has been totally eliminated, hence streamlining the distribution channel and cost structure. Even if this is beneficial, corporate orders and wider presence in India and abroad should be explored to build a wider customer base.

4.9 Customer Relationship

The relationships with customers are through Social media platforms like Facebook, Instagram, Twitter, emails. This is more in the form of giving updates on the various initiatives of KR. The key informant Mukesh who is young and dynamic tries to maintain a good relationship with customers through social media. However, considering the nature of the customers who are spread over Indian and the limited channels of distribution, customer relationship needs a more structured approach. A dedicated toll-free contact number could be initiated to handle inquiries and customer requirements.

4.10 Revenue Streams

In the struggle to create a sound customer base; KR is losing out on exploring the different options for revenue streams like differential pricing, bargaining, discounts, etc. During the world-famous Rann of Kutch festival organized in December and during vacations, tourists from India and abroad visit KR. Maximum sales of the year happen during this season. This time of the year could be a good experiment to explore differential pricing models.

4.11 Key Resources

The women artisans are trained from a very young age in the traditional craft and have mastered the art very well. The embroidery patterns are never printed, because traditionally the artisans have always directly worked on the fabric. The artisans proudly say that they work with their minds as well as their hands. In fact, it is the mind that tells the hand to move and hence the mind has to be free and creative. The artisans are made to study pieces from the permanent collections of the museum and books from the library, and create prototypes. The artisans are encouraged to create designs that are sensitive to embroidery which at the same time must be market friendly. Such valuable resources should be given an opportunity to build their capacity by providing adequate moral and financial support. Senior artisans in the group should train next generation artisans to keep the art form sustainable.

4.12 Key Activities

The trust makes a wide range of products using only natural fibres and wherever possible natural dyes. KR has an efficient quality control mechanism at all stages of production. Right from the cloth, threads and embroideries, quality is checked at every stage. When the embroidered pieces are not up to the mark, they are used to make soft toys, games, etc. KR should focus on making products which contribute more towards profit thereby planning the right product mix.

4.13 Key Partnerships

KR does not have any in-house designers. They depend on designers from NID/NIFT for pattern making. In the area of market needs, KR depends on an exhibition to provide them information on the same. This demands an urgent need to collaborate

with private funding agencies. KR should work on applying for the need to appropriate handicrafts scheme under the Ministry of Handicrafts, Government of India, for financial assistance.

4.14 Cost Structure

Since the majority of costs are direct costs, a transparent procedure of cost computation is followed. However, direct labour cost being an important component of the total cost structure, adequate steps to rationalize the wage structure of artisans is needed urgently. On an average, an artisan earns a weekly income of around Rs. 1000–1500. This needs to be computed factoring in the time and effort involved as the work is very time consuming and strenuous. However, the provision of additional budget is also needed for promotion and advertising.

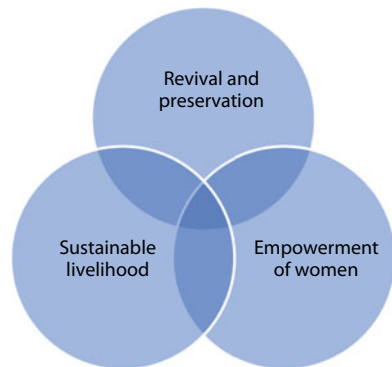
The fact that KR is able to showcase evidence in each of the nine building blocks indicates that it implicitly follows a business model. However, it has never propagated the existence of it explicitly. One of the objectives of this research was to identify the business model existing in KR. Through the findings, it is evident that KR is able to fit into the Osterwalder and Pigneur's Business Model Canvas.

Keeping this fitment in mind, the study further leads to the following conclusions:

KR Trust, a grassroots social enterprise, is dedicated to the preservation of the traditional arts of Kutch, Gujarat. The trust aims to preserve *Kutchi* embroideries of the region by making them culturally and economically viable. Figure 4.1 shows the tri-dimensional approach in the area of Craft which is initiated by KR.

Revival and preservation: Some of the initiatives taken in the area of revival and preservations of the craft form entails setting up a full-fledged research center and a very impressive collection of samples of traditional forms of embroideries. Well-documented collections are digitally catalogued and archived in KR Textile Museum. KRV, an institution of design for traditional artisans conducts a yearlong course in a contemporary market-driven design, based on problem-solving within

Fig. 4.1 Tri-dimensional approach initiated by KR



traditions. This enables artisans to revitalize their art and provides an environment and methodology appropriate to traditional artisans. KR is also working to attract the next generation towards their craft and its heritage by making contemporary items of their interest.

Sustainable livelihood: Under this initiative, the artisans have diversified into a wide range of products. Since most of the products are women oriented, they have diversified into making products exclusively for men too. Designers from NID/NIFT are called for participating in pattern making and KR also conducts regular workshops three to four times a year for levelling up their skills.

Empowerment of women: This area includes initiative like giving women an exposure through exhibitions, fairs and melas to understand the nuances of interacting with different customers. Involving the artisans in expressing their views and ideas on the promotion of products help in boosting their confidence. They are also encouraged to participate in the fixation of selling price in relation to the efforts involved and demand for the product. The artisans are very skilful and creative by nature and are very open and forthcoming in making new designs and patterns. Artisans are happy and satisfied as they have a better economic status which keeps them associated with the organization.

Through initiatives in the above areas are very prominent, KR does not involve women in marketing, promotion and decision-making of the organization. In the past few years, they have also been totally inactive with their association with any of the handicraft bodies. Health/eye camps have not been organized for a very long time. All these are areas of concern as they hamper the growth of any business.

With respect to artisans of KR, the majority of them have been living in the Kutch village for more than 20 years and girls are trained in the crafts from a young age.

4.15 Concluding Remarks

The study suggests and recommends the following road map for sustainability and scalability of KR. The website which is the basic source of information of these organizations needs to be updated regularly. Online shopping is catching up in recent times across all age groups. Hence it needs to be explored in a bigger way. Tie-ups with state emporia and setups like Fab India, Good Earth needs to be explored for marketing and sales of the products. Negotiating with the respective tourism departments for setting up stalls for selling the products in places of tourist interests needs to be initiated. Presence in craft promotion centres like Dilli Haat, Craft Museum is a very good platform where the artisans can showcase their talents and sell their products.

Support and help is required for networking with people and tapping the different sources of raising funds. A great deal of effort is required in promoting the Kutchi embroidered products through various exhibitions, fairs, outlets, etc. both in India and abroad. Kutch, being a major tourist attraction, especially Bhuj with the “Rann of Kutch” attracts tourists from all parts of the world throughout the year. KR should

think towards promoting craft tourism in a much bigger way. It should concentrate on promoting and developing activities by networking with different organizations and institutions connected with craft, fashion designing, etc. Adequate revamping of its guest houses will attract more visitors. KR is under-staffed and more qualified and experienced people for marketing their products should be inducted into the core team. Regular health/eye camps should be organized. Efforts should be taken for associating with different handicraft bodies. The procedure for GI tag should be initiated at the earliest. Apart from embroidery, efforts should be taken for involving women in marketing, promotion and decision-making. This will give a personalized experience and vibrant perspective to the whole process. More students from different design schools from India and abroad should be encouraged to come and learn the crafts. More artisans should participate in exhibitions, melas and fairs in India and abroad. Since the organization is struggling to achieve its original position and authenticity, the experienced ones should come up with innovative ideas and suggestions for the same. As many artisans have worked with other organizations like Shrujan, they can try and emulate their experiences of these organizations for the benefit of KR.

“I love the craft form and am happy working with Kala Raksha. I have also done my graduation from Kala Raksha Vidyalyaya which has helped me greatly in levelling up my skills. This craft has given me so much recognition and I am proud of it” says Hasuben, an artisan at KR.

“My son and I started this organization. Initially we faced a lot of difficulty but gradually with time, effort and support of all the women, we achieved recognition for our skill. I have travelled to many places in India and abroad. My trip to Australia a few years back was to teach narrative art to students of a craft school. I love my craft and will do it till my health allows” says Raniben, another dedicated artisan at KR.

By studying the existing business model of KR, the study hopes to add value to this group of artisans and guide KR in its journey of women empowerment by making its business sustainable and scalable.

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Chapter 5

Sustainability of Social Enterprises: Is Quadruple Bottom Line the Pathway?



Sanjukta Mukherjee and Sharmistha Banerjee

5.1 Introduction

The background to this paper lies in the continuous search for sustainability in the emerging social sector organisations. The objective of this paper is to inspire, encourage and provide an understanding of sustainability of social enterprises to develop and implement their own transformative strategies for establishing green, resource-efficient, viable enterprises to carry on their efforts towards developmental outcomes. It is expected to provide an opportunity to build stakeholder capacity to deliver systemic, institution-wide integration of sustainability principles into all aspects of their social business.

Research on social enterprises is a comparatively new phenomenon in extant scholarship (especially in India). In recent times, there has been a growing interest in various forms of social enterprises and their economic sustainability. The academic focus has also shifted from just addressing the economic growth of an entity (social or otherwise) to a concern with assessing its stability with sustainability thinking. Whilst dealing with the developmental sector challenges, the social enterprises mostly focus on their passion for doing social good and perhaps less on the business model to be adopted. A lot of these enterprises are based on donor-funded ecologies and some also follow hybrid models of doing business. Some authors who have been researching on these lines include Underwood et al. (2012), Waite (2013), Alibašić (2017). Recently, the financial crisis with its severe social implications has nurtured an increased interest in public entrepreneurship, civic organisations, trans-local, democratic movements and self-organising local economies (Hjorth 2013; Daskalaki et al.

S. Mukherjee (✉) · S. Banerjee
Kolkata, India
e-mail: sanjukta.mukherjee2010@gmail.com

S. Banerjee
e-mail: sharmistha.cu@gmail.com

2015). Gibbs and O'Neill (2014) draw on an important strand in the entrepreneurship research literature that challenges the notions of the 'heroic individual'. Their chapter examines the formal and informal support networks that have grown up around sustainable entrepreneurship in the UK house-building industry and draws out the wider implications for policy and practice.

Traditionally, businesses were segregated into public, private and non-profit sectors, but currently, these lines have blurred and we see the emergence of social sector enterprises. A social enterprise is not necessarily a not-for-profit entity nor is it an enterprise that only sells products/services; it is hybrid in nature giving innovative solutions to community needs with diverse legal structures. A successful social enterprise is one that balances the tension between upholding the social mission of their organisation and maximizing the productivity of their business venture to ensure sustainability. For purposes of this study, social enterprises are those organisations which are engaged in diverse operations and functions applicable to both non-profit organisations as well as for-profit social enterprises, although in terms of activities and legal entity they are different. The various models for social enterprises in India have been classified as social for-profit enterprise, non-profit and hybrid models (Report on Social Entrepreneurship in India, Swissnex India June 2015). The different aspects of social enterprises, their operating sector, innovative process and resources used have been deliberated in the literature (Dacin et al. 2010). These include the development of new business models to serve the poor that are neglected by the commercial entrepreneurs (Seelos and Mair 2005; Thake and Zadek 1997) as well as the process of continuous innovation to discover opportunities that enhance social welfare (Reis 1999; Dees 1998a). In addition, social enterprises have also been referred to as any organisation, non-profit, for-profit, community enterprises, voluntary organisations or government sectors, that are looking to create value for the betterment of the wider society (Austin et al. 2006). Social enterprises being in the unique space they inhabit face a distinctive set of challenges that can impact how they operate, succeed and sustain. Based on existing literature, the study uses a working definition of social enterprises, which suggests that social enterprises focus on three key aspects, which are 'social value creation, innovative processes and resources used to achieve the primary mission and their operating sector' (Zahra et al. 2009).

One of the major calls to the concept of sustainability came from the publication of *Our Common Future* (also known as the Brundtland Report) (World Commission on Environment and Development 1987). This report assisted in internationalising the concept of sustainability which was defined as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (1987).

Sustainability—the concept as well as its methodologies have reached the public domain through the various assessment tools. ISO 26000 is so far the most comprehensive private standard addressing CSR and sustainability. The European Union statement on CSR describes it as contributing to product innovation and services beneficial to society, as well as minimising and preventing negative effects, reporting standards (GRI reporting standard), AA1000 principles, framework on sustainability

(Akinsete and Nelson 2017), policies of international bodies working with the developmental agenda and social justice. These are, however, best considered as a field of enquiry and practice, rather than tightly defined academic concepts (Crane et al. 2008). At present, there are several other existing sustainability frameworks, apart from the ones mentioned.

Policymakers, Heads of State and opinion leaders paid heed to the need to draw up action plans and strategies for moving to a more sustainable pattern of development to counteract the problems of environmental degradation as a major challenge. As a result, businesses moved from traditional financial indicators to encompass measurements of their economic, social and environmental performance, which was referred to as the triple bottom line (TBL) (Elkington 1998a). The TBL has gained popularity in the corporate world and is known as the TBL accounting and reporting framework, increasingly used by business owners and managers to reflect their corporate reporting beyond the financial bottom line to include environmental impact and social contribution. This is a paradigm shift from conventional, economic focus of business bottom line sustainability, which limits the assessment only on finance and profitability (Blair et al. 2003). TBL performance and reporting have been implemented by an increasing number of businesses, assisted by frameworks such as the Sustainability Reporting Guidelines (Global Reporting Initiative 2002) and the establishment of organisations such as the World Business Council for Sustainable Development, which provides assistance with the process of indicator development.

However, the limitations of the existing sustainability frameworks based on the triple bottom line concept are that Elkington's triple bottom line approach did not adequately address the issues, which deal with governance, accountability, transparency, ethics and the importance of those elements in implementing sustainability. Adding the fourth pillar of sustainability to an existing triple bottom line is advantageous if it contributes to a broader application of sustainability within the community and organisation, with special focus on social sector enterprises where there is a lack of rules and regulations for accountability to customers as compared to traditional businesses. This might be because social enterprises were conventionally thought to be 'doing good' based on philanthropic principles rather than addressing societal and community problems and developmental needs professionally as is the case now. Nor were they thought to be answerable to their customers or stakeholders and beneficiaries.

Quadruple bottom line (QBL) sustainability is a term based on the triple bottom line (TBL) sustainability which has roots in the business field (Teriman et al. 2009a). The move from TBL to QBL is of prime importance for social enterprises much more than traditional enterprises, because often traditional profit-making enterprises are subject to mandatory practices and disclosures that ensure good governance. Though QBL is being considered for adaptation in traditional enterprises, the question that drives this research is the utility/importance of QBL in social sector enterprises.

Quadruple bottom line, introduced as a sustainability-related construct was first coined and used by Ayman Sawaf in his book 'Sacred Commerce: A Blueprint for a New Humanity' (2014). It is an extension of the concept of the triple bottom line which details the importance and benefits of looking beyond the profit and loss

statements of any enterprise to express value creation. The evolution of the concept of quadruple bottom line is comparatively a recent emergence. This fourth indicator of reporting is increasingly being used to capture the phenomenon that does not easily fit into social, economic or environmental factors. This fourth bottom line goes by several names—some authors use the term ‘purpose’, whereas others use ‘culture’, some ‘progress’ or ‘governance’, or even ‘spirituality’ depending on the different sectors of their operations. Research on the subject has focused on developing a practical framework for a systems-based approach to sustainability (Waite 2013). For example, the SURF framework focuses on the supply chain, user relations and future which enables a systems-level approach, and subsequently a systems-level impact. A fragmented focus on specific areas of governance often fails to address the holistic and systemic approach needed to measure sustainability progress.

Research does not adequately address how organisations present the results of sustainability efforts related to governance. In addition to economic, social and environmental implications, the relevance of QBL in measuring and planning adds an additional dimension to sustainability by focusing on governance. (Alibašić 2017)

Elkington (2006), Aras and Crowther (2008a), and Loorbach (2007) all investigated the interconnection between governance and sustainability. By focusing on governance, the holistic and system-based approach to sustainability is enhanced through the lens of the QBL as it adds another dimension to the already strong three correlating factors of the pillars of sustainability, referred to in TBL.

Traditionally, reporting had an imperative financial objective then came in reporting following an essence of TBL. In the new emerging scenario, the concept of the quadruple bottom line may be used to reflect the philosophy of the social sector enterprise. In this background, this paper looks at social enterprises and their sustainability pathway.

The intention of this study is to assess whether and if at all, how, the thought and ideation behind the quadruple bottom line could be amalgamated or structured into the existing sustainability construct to access the ultimate progress of social enterprises. The study attempts to establish the effective need of each of the bottomlines as pillars of the system and key drivers of the overall outcome of sustainability.

The definition of sustainability to be relevant, it is important to adapt it to the particular context. In 2010, the Academic Advisory Committee for the Office of Sustainability at the University of Alberta put together a definition of sustainability. For purposes of this research, this definition has been adapted as a working definition: ‘sustainability is defined as the process of living within the limits of available physical, natural and social resources in ways that allow the living systems in which humans are embedded to thrive in perpetuity’.

5.2 Literature Review

The purpose of this literature review is to read various sources that discuss different aspects of sustainability and various approaches to sustainability, the concept of social

enterprises and the various extant assessment tools and its use by social enterprises to ensure their sustainability written by different scholars from diverse schools of thought and frames of reference. Whilst a comprehensive literature review of the construct is beyond the scope of the current paper, this study will explore the main concepts of sustainability, its relevance to both corporate and social enterprises and its applicability particularly to social enterprises for sustainability planning.

Our review relies on information extracted from 100 top-tier journal articles published from 2010 to 2017. We model the method on other recently published reviews in the *Journal of Management* (Cogliser et al. 2017; Foss and Saebi 2017), as well as the systematic review approach by Denyer and Tranfield (2008). For the purposes of this paper, we restricted ourselves to including articles that specifically and explicitly state social enterprises and sustainability assessment as their main research topic. (Saebi et al. 2018) We specifically searched the Jstor database for peer-reviewed articles (in English) containing the terms ‘social enterprise’, ‘social business’, and ‘social venture’, ‘sustainability assessment’, ‘quadruple bottom line assessment’ in title, abstract or keywords. We excluded articles which were written mainly with reference to the motivations and actions of social entrepreneurs focussing on the individual level of analysis.

Looking at the literature, we realise that there are numerous definitions of what it means to develop sustainability and what the end-goal of sustainability might entail having emerged. However, there are shared themes amongst the various definitions including economic, environmental and social rights of the present and future generations (Waite 2013). The ‘green economy’ terminology has been introduced by international organisations to place emphasis on the need to transform the economy in order to move towards greater sustainability. The green economy is defined by the United Nations Environment Programme as one that results in improved human well-being and social equity, whilst significantly reducing environmental risks and ecological scarcities (UNEP as cited in Waite 2013).

The principal focus of sustainability has been two-pronged in the area of business assessments which happens to be our context—that of the necessary steps to be taken to mitigate climate and environment-related risks on one hand whilst trying to assess and generate strategic blueprints to assure business continuity for industrial and business entities, social enterprises and conglomerates. However, there was a slight shift in paradigms with such organisational entities like the Global Reporting Initiatives (GRI), Account Ability UK creating frameworks for assurance of sustainable practices whether the organisation was for profit or otherwise. Akinsete and Nelson (2017) Again the publication of self-declarable standards like the ISO 26000 which like GRI’s ‘Lets Report’ templates expected assessment, creation of best practices and systems by the entities themselves and adherence to the same by entities, institutions and organisations entirely by themselves which led towards a creation of a culture of responsibility (Crane et al. 2008). Various related assessments were studied including ecological footprinting which calculates how much area of biologically productive land and water an individual, population or activity requires to produce all the resources it consumes, and to absorb the waste it generates, using prevailing technology and resource management practices and Life Cycle Analysis/Assessment

which is a technique to assess the environmental aspects and potential impacts associated with a product, process, or service by compiling an inventory of relevant energy and material inputs and environmental releases, evaluating the potential environmental impacts associated with identified inputs and releases, and interpreting the results to help you make a more informed decision (USEPA 2012 as cited in Waite 2013). The review is very brief keeping in mind the scope of this paper as the frameworks are numerous and a comprehensive review has not been attempted.

The concept of sustainability of corporates has also undergone a significant transformation of the idea of a traditional business model from a profitable business to an effective organisation concept has increased the concern of organisational sustainability rather than financial performance (Silva 2018). The economic, environmental and social conditions in the communities in which business operates can create a major influence towards sustainability (Alhaddi 2015).

All the extant sustainability frameworks had its primary focus on traditional businesses. The idea was to incorporate the sustainability framework into the sole focus of economic viability. Whilst the common understanding of most of the definitions that we reviewed regarding social enterprises converged on the primacy of social value creation as the main objective of the venture, whilst creating economic value (i.e. generating earned income from commercial activity) is considered a necessary but not a sufficient condition (Austin et al. 2006; Mair and Marti 2006; Sharir and Lerner 2006). In our review, there are studies that excluded the elements of market orientation (i.e. generating earned income) or innovation as the scope of social enterprises. The concept of social enterprises in literature may have originated from Bacq and Janssen (2011). Nicholls (2008), however, identifies Banks (1972) as the first author who coined the term 'social' enterprises. Banks noted that managerial skills could be deployed to address not only business challenges, but also social problems (Nicholls 2008). However, from the mid-1990s, Ashoka: Innovators for the Public officially adopted the term (ibid.). Other organisations such as Echoing Green and the Fund for Social Entrepreneurs at Youth Service America soon followed suit. Since then, studies on what constitutes a social enterprise have become a growing field of practice with several institutions joining the field. The research field of social enterprises can be argued to be in its relative infancy compared to other areas of management (Bacq and Janssen 2011). Amongst the very early authors to write about this phenomenon were practitioners (Bornstein 1998, 2007; Drayton 2002, 2006; Leadbeater 1997). Academic interest in the field peaked at the turn of the second millennium (Borzaga and Defourny 2001; Dees 2001). Taking note of the various definitions of social enterprises, this study uses Mair and Noboa's (2006) understanding as a working definition because of its all-encompassing and inclusive approach; social enterprises can be defined as those enterprises which make "innovative use of resource combinations within or across the non-profit, business, and public sectors to pursue opportunities aiming at the creation of organisations and/or practices that yield social transformation and sustain social benefits." Whilst this study has explored definitions from many scholars and understandings based on characteristics of a social entrepreneur, the common theme that is woven through all

of the definitions is undoubtedly the innovative character of the initiative and the aim to provide social solutions for the poor and marginalised communities.

In India which has a long history of philanthropic activity, most of the not for profits were donor based and the extant policy and rules did not focus on governance as applicable to social enterprises as they were not thought to be accountable to customers as they did not work for profit motives. The governance structure did not get integrated into major international sustainability frameworks as the traditional businesses already had a well-regulated transparency and government-led policy focuses governing their accountability to the shareholders, customers and market. The social enterprises having no such policy level mandate did not integrate the governance structure into their processes, mandates, operations or ethos, which led to their survival becoming unstable if the donor ecology failed to ensure a steady supply of funds. Hence the concept of the QBL is a very relevant concept especially with a focus on social enterprises.

The move from TBL to QBL is of prime importance for social enterprises much more than traditional enterprises. One of the reasons for QBL having special importance for social enterprises is because of its unique component—governance. The traditional for profit enterprises are governed by mandatory regulations wherein governance takes a prime position. Such enterprises are, therefore, often guided by several instruments in terms of their governance practices. Social enterprises are not regulated by the same mandates in terms of governance. Hence, this research is aimed at explaining the importance of QBL in social sector enterprises.

This paper is to focus primarily on the Indian context of social enterprises. In developing countries, the term social enterprise is associated with organisational forms of non-governmental organisations and lately to for-profit organisations catering to people with lower incomes (Datta and Gailey 2012; Mair and Marti 2009), sometimes referred to as being the bottom-of-the-pyramid (Prahalad 2006). In many South Asian countries, the concept of social enterprise evolved from the model popularised by Muhammad Yunus and his work on microfinance as a poverty alleviation strategy (Yunus 2007; Yunus et al. 2010).

The rapid rise of social enterprises points to the reality that economic, social and environmental components of human welfare are in fact compatible and this sector is not just built on the premise of incorporation of private sector, entrepreneurial practices into the developmental sector.

To understand the basic difference in the concept of sustainability as it affects social enterprises in contrast to commercial enterprises we have looked at the essential difference between the two. Similar to commercial enterprises, social enterprises may engage in entrepreneurial activities, such as opportunity identification, exploitation, resource mobilisation, and innovation to create ‘a new venture or manage an existing organisation in an innovative manner’ to achieve their social mission (Zahra et al. 2009). However, they identify and realise opportunities derived from societal problems, such as poverty and lack of health care or education (Zahra and Wright 2016) which are aspects generally not considered in the entrepreneurship literature. The social mission is a key driver as ‘for social enterprises to have economic meaning, it must address a space in which profit is deemed possible but insufficient to

motivate entrepreneurial action unless supplemented by moral or social incentives' (McMullen 2011). The pursuit of a dual mission is not unique to social enterprises but can be found in other forms of hybrid ventures, such as sustainable, institutional or developmental ventures. Similar to social enterprises, these hybrid ventures strive to uphold economic viability whilst addressing an important cause, thus experiencing many of the similar tensions as social enterprises, such as the dual identity of the entrepreneur (York et al. 2016) or managing conflicting institutional logics within the hybrid venture (Battilana et al. 2010; Greenwood et al. 2010 as cited by Saebi 2019).

The work guiding the research entailed an in-depth literature review and examination of various approaches to sustainability assessment. This table enumerates the six most relevant from the various guidelines and frameworks extant. This has also guided the data collection and methodology of the study.

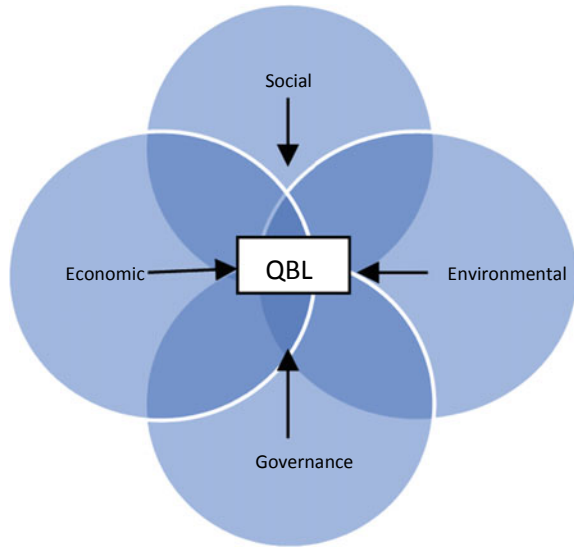
5.3 Research Issue

Scanning literature and considering received wisdom, this study examines how QBL may have contributed to the pathways for sustainability amongst social enterprises. The research identifies gaps in the available frameworks that might have led to the on-ground challenges in achieving sustainability for the social enterprises. Various sustainability tools, methods, frameworks, and guidelines have been examined. Based on an analysis of the requirements of sustainability in the social sector enterprise, across various definitions and applications, the authors have come to an understanding of the quadruple bottom line framework, and they propose its use as a framework for ensuring sustainability of social enterprises. A qualitative field-based study assesses this proposition. In addition to the interviews and analysis of existing work, the author tested the rationale of the framework based on in-depth knowledge gained from conceptually studying sustainability at the assessments level (which included Lead Auditor and Accredited Professional certifications), and work experience gained as assessor and auditor deploying and assuring various sustainability assurance systems and processes in various organisations and sectors (built environment, manufacturing industry, research, small and medium sector organisations, community-based organisations, etc.) and in various subject matters (energy, environment, environmental policy, education, circular economy, etc.).

Figure 5.1 presents a graphical representation of the quadruple bottom line showing that each component social, environmental, economic and governance has equal importance in the product/service, process, structure and other aspects of an organisation.

QBL or the Quadruple bottom line framework aims to meet the bottomlines of economic goals (profits), environmental and social goals in carrying out their business like the triple bottom line framework. Additionally, this has the fourth dimension added for the development of policies and strategies to drive institutional change leading as well achieve sustainability. The quadruple bottom line, a holistic

Fig. 5.1 Representation of quadruple bottom line



framework enumerates qualitatively the sustainability of any enterprise or institution per se. Looking at various understandings about the fourth pillar of the quadruple bottom line, the study considers a simplistic and accepted understanding of governance and sustainability. Governance is defined in the present context to include both the formal regulatory, business, administrative and political processes of the social enterprise which determine decision-making and action, and the informal networks, traditions and cultural and behavioural norms which act as enablers or disablers of sustainability.

The Global Reporting Initiative supports this notion. GRI was instrumental in establishing the TBL concept across the global corporate sector. However, the corporate sustainability context has evolved significantly from a mostly ‘license to operate’ mind-set to an increasing sense of ethical responsibility and moral purpose. In this context, the notion of good governance has become important. A company cannot be ethically responsible and operate to a moral purpose, without good governance to provide assurance (Mckeown 2013). Thus the dimension of governance has taken up an imperative position along with TBL.

Alan Attkisson’s Sustainability Compass works with four key indicators including Nature, Society, Economy and Well-being. Whilst some will strongly advocate the one framework over all others, the authors posit that it is the context that matters. The context we are operating in is fundamental and must be considered when we are reviewing, critiquing or selecting our sustainability frameworks (Mckeown 2013). However, the TBL or even the QBL are not the only frameworks available to us. There are other highly effective sustainability frameworks to choose from, many of which have more than the three dimensions: economic, social and environmental, and include the five capital framework, which introduces Human Capital

and Manufactured Capital to the TBL of people, planet and profit (Forum for the Future).

The concept of quadruple bottom line has not been defined and delineated to such a point of clarity where it can be integrated into a standard or a completely independent framework which can stand to define the assessment of sustainability of either business or social enterprises. According to Teriman et al. (2009a), the functioning of governance is central in the process towards achieving urban sustainability (Evans et al. 2006). Thus, a model incorporating the function of governance in sustainability, known as the Quadruple Bottom Line Sustainability (QBL) assessment, has been argued for in this paper. Firestone et al. (2009) talks about the concept of Adaptive Scorecard linked to their adaptation-based theory of sustainability expanding and combining it with the Triple Bottom Line and capital-based theory called Adaptive–Quadruple Bottom Line Scorecard and which is linked to adaptation-based theory of sustainability. It is, therefore, argued by the authors that in the search for sustainable pathway, governance may be integrated within the existing TBL mechanism.

Based on this understanding of the QBL concept and having identified the gap in the extant frameworks based on the TBL, the research question that drives this paper is: can the sustainability of social enterprise be ensured by moving from a purely philanthropic approach to following the quadruple bottom line approach? Therefore, the specific objective of the research is to:

1. identify the importance placed on each of the QBL dimensions by the social enterprises under study
2. diagnose the practices of social enterprises from the perspective of the four principles of the QBL.
3. infer the possible pathway to sustainability of social enterprises under study as reflected from their assessment based on the QBL framework.

5.4 Methodology

This study used qualitative research methodology. Corbin and Strauss (2008) define qualitative research as ‘any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification’. Semi-structured personal interviews were used to understand the participant social enterprise key personnel’s observations and experiences. They were allowed to talk at length about their beliefs and judgements covering the research objectives. Semi-structured interviews allow the scope to capture the individual perspective of the respondents in their own language based on their understanding (Bryman and Bell 2015).

The interview questions were (Lincoln and Guba 1985) guided by the literature review of extant sustainability guidelines captured in a table format in the literature review section. Questions have also been derived from the international sustainability frameworks discussed earlier in the study. The study was conducted in the state of West Bengal amongst key persons working in leadership roles in selected social

enterprises. For purposes of the study and structuring the questionnaire, we have identified the overlapping qualitative indicators identified in the six International Standards, Guidelines and frameworks summarised in the literature review section for each of the four sustainability dimensions focussed on. For each of the four QBL pillars, the authors have chosen three commonly recognised indicators that are internationally assessed for assuring sustainability.

Questions placed before the sampled social enterprises were guided by the three indicators under each bottom line to reveal the activities concerning people, planet, profit and governance which are followed within the enterprises. These indicators form the measurement of how these specific processes or activities have led to the greater sustainability of the enterprise.

In the semi-structured interview, three questions were asked for each of the four pillars of the QBL. The questions were framed to correspond to each indicator in the same order in which it is given in the Table 5.1.

The primary question asked to the respondents were how much importance did they place on each of the four dimensions of the QBL for ensuring the sustainability of their organisation? They were asked to distribute 10 points amongst each of the 4 QBL elements, as per the importance they place on each of these quadrants. The objective was to find out whether each component of the QBL is equally weighted in their organisational strategy, understanding of their importance to ensure sustainability and internal and external processes of these enterprises.

The questionnaire designed tried to capture the experience of key personnel in social enterprises of how they institute and measure organisational performance and link it to the causes of greater sustainability that these enterprises have achieved.

The qualitative interviews helped the author identify potential gaps between talking about sustainability and acting on it within organisations.

All interviews were conducted by the authors with an assistant present to assist with meeting logistics. During the interviews, which lasted between 60 min and 90 min, the interviewer took notes, using these and recordings when available to analyse the data.

Four in-person interviews were conducted with adults heading four social sectors enterprises (health, education, developmental communication policy, livelihood generation for marginalised communities and environmental mitigation) in order to clarify the practices for ensuring sustainability in various fields.

Samples of the social enterprises were taken through snowballing method. The interviewees involved three women and one man heading social enterprises (one working in trauma management and employability generation for trafficked women, one working in health, education and employability of under 18-year girls from economically backward classes, two working in environmental research, biodiversity preservation, and climate change initiatives). All the four enterprises have been in operation for more than 10 years. The research examined four successful social enterprises from West Bengal, two from each type of legal structure—not for profit (under a public charitable trust) and non-profit (Sect. 8 company) (Table 5.2).

Table 5.1 Frameworks, standards and guidelines for sustainability assessment

A. Frameworks	Description
1. Sustainability Capital	Capital assets are divided into four categories: produced goods or human-made capital (KM), human knowledge and skills or human capital (KH), natural capital (KN), and social capital (KS) (Pearce 1998)
2. Cleaner Production	The continuous application of an integrated preventative environmental strategy to processes, products and services to increase efficiency and reduce risks to humans and the environment (UNEP 1991)
3. Green Economy	The green economy results in improved human well-being and social equity, whilst significantly reducing environmental risks and ecological scarcities. In its simplest expression, a green economy can be thought of as one that is low carbon, resource efficient and socially inclusive (UNEP)
4. Functional Economy	The economic objective of the functional economy is to create the highest possible value for the longest possible time whilst consuming as few material resources and energy as possible. This functional economy is, therefore, considerably more sustainable or dematerialised than the present economy, which is focused on the production and related material flows as its principal means to create wealth (Stahel 1986)
B. International Standards and Guidelines	Description
1. Global Reporting Initiative	Indicators are organised into categories: Economic, Environmental and Social. The Social category is broken down further as Labour, Human Rights, Society and Product Responsibility subcategories. Principles for defining report content include materiality, stakeholder inclusiveness, sustainability context and completeness. Principles for ensuring report quality include balance, comparability, accuracy, timelines, clarity and reliability (Global Reporting Initiative)
2. AA1000 Guidelines	In addition to financial accountability, the AA1000 standard includes the principles of (1) inclusivity (the requirement to reflect the needs and concerns of all stakeholders in all stages of the social and ethical accounting, auditing and reporting process), (2) completeness, materiality, regularity and timeliness, (3) quality assurance and (4) embeddedness and continuous improvement (AccountAbility)

Source Waite M (2013) SURF Framework for a Sustainable Economy; Journal of Management and Sustainability Vol. 3, No. 4; 2013

Table 5.2 Qualitative indicators for each of the four sustainability dimensions prepared by the authors based on studying various frameworks

Indicators Used to Measure Sustainability at the Organisational Level			
Social	Environmental	Economic	Governance
1. Human resources development which includes personal development, personal well-being, human rights, health and safety.	1. Energy Consumption	1. Enterprise performance which includes value creation and economic and efficiency management.	1. Governance issues including anti-corruption and transparency
2. Reassignment and outplacement which includes opportunities for employability and re-employability	2. Pollution control	2. Mix of Funding Sources	2. Succession Planning
3. Employee Participation which includes social and cultural diversification, working and learning conditions	3. Water All three indicators include the concepts of waste and pollution control, natural resource preservation and reuse, biodiversity and climate change to capture environmental sustainability issues in behaviour and managerial decisions.	3. Self-sustainability which includes short- and long-term vision of organisational viability	3. Stakeholder involvement which includes short- and long-term vision of community involvement, risk management.

5.5 Findings and Analysis

As discussed previously, this study is primarily exploratory and as such the data analysis was based on the outcome of the semi-structured interview responses which has been tabulated in Annexure 1. The respondents belonged to social enterprises comprising a broader definition that includes both non-profit and for-profit business forms.

The paper studies the on-the-ground reality of this movement in the context of Indian social enterprises. The findings of this study indicate that increasingly social enterprises are moving from the TBL framework and integrating the fourth bottom line, i.e. good governance into the TBL sustainability matrix. The concept of good governance as the fourth bottom line has been adopted from commonly accepted understandings from international bodies working with sustainability, and the themes

of human resources' development plans, circular economy, resource reuse, anti-corruption, transparency practices, succession planning, structure for stakeholder involvement and participatory community development are used as indicative parameters to test the sustainability practices followed by the sample social enterprises to integrate a systems-based approach to ensure sustainability of their enterprises.

The questions that were asked to the promoters of the social enterprises who were the sample for this study had a dual purpose: to understand the integration of the TBL framework into their sustainability matrix as well as to test how much of governance structure (as an element of the QBL) was integrated into the TBL framework which these sampled social enterprises followed resulting in greater sustainability.

From analysing the answers received from the sampled social enterprises we may come to the conclusion that the reason why they are increasingly adopting the QBL approach is that when they look forward into the life of the venture, there is no clear survival or growth path. Therefore, the social enterprises are looking towards adapting good governance in a more structured manner, with the aim at long-term survival and growth of the enterprise.

Throughout the world, academic institutions, corporations, foundations and practitioners seem to be hopeful of current development in the sector of social entrepreneurship as it tends to operate by the following mechanism of both for-profit and non-for-profit to address the social needs of the community (Nicholls 2008). In this study, the legal entity of two of the social enterprises was as a trust and two were as Sect. 8 companies, and all four of them affirmed that good people practices have ensured loyal old-timers and referrals. The environmental bottom line has also been a strong area of focus for most of the social enterprises studied and these community-based social enterprises have integrated themselves strongly into the ecology in which they operate.

To the primary question asked, regarding much importance they placed on each of the four dimensions of the QBL for ensuring the sustainability of their organisation, we notice that social enterprises under our purview give a 30–40 percent importance to good governance practices, whilst they give a 20 to 30 percent importance to the profitability bottom line, which in their case would be a revenue generation activity. So we can infer that social sector enterprises in India are slowly but definitively moving from an immediate focus of ensuring funds to a long-term vision of sustainability of the enterprise which is assured through good governance practices.

Thereafter to understand how the social enterprise promoter perceives each aspect of the QBL, they were asked questions on each of the aspects, namely, people, profits and planets along with governance as detailed in the earlier section of the paper. The questions were framed indirectly so as to get the perceptions of the social enterprise on each of the aspects of the QBL.

All four social enterprises interviewed said that most of the people who are in key positions today have stayed on. They do not have a problem with employee attrition. It is generally established that good human resource structure in the organisation gives rise to loyal employees or dedicated volunteers as in these cases. Hence, we can surmise that the surveyed social enterprises have attained sustainability because

they have paid attention and importance to their governance structure as expressed through their people policy.

However, there is not enough thought given to leveraging the growth potential of employees, if any. The motivation amongst staff to continue to work for the cause may be an indication that the governance practices are fair and transparent. Good people practice is an indirect indicator through which we can track the systemic approach that organisations take to run their businesses instead of a short-term focus. In simple words, some of the respondents were of the opinion that the governance strategy followed was to create a second line of leadership and by 2025, the beneficiaries will be running the show themselves. To achieve this vision a clear direction of hand-holding, mentoring, training and skilling in specific administrative and strategic functions are focussed on after shortlisting the stars who have the capability and/or have shown the commitment to take the work forward. It will then truly emerge as a community-based organisation. The executive members of one of the social enterprises are currently playing a very strong role in mentoring the second line of leadership, using their expertise in identifying the loopholes in the current strategy, evaluating the project impacts, making new process guides, strengthening the accounting methods to prevent any fraud instead of focussing on the operational modes.

Another social enterprise emphasised the hierarchical governance structure and its functioning being based on frameworks that had been instituted long back and has not changed much through its long history. But in recent times it is important to change the structure to keep its sustainability running as funding sources are erratic.

So from this, we may suggest that the respondents are of the opinion that governance and effective people practice would lead to sustainability. Additionally, the sustainability of the organisation is ensured when the beneficiaries can independently carry on the projects themselves and impact lives. So focussing on good governance is key to building up the capacity of the people to do that.

Hence, we can infer that good people practice is an effective arm of good governance, and following good people practices have been one of the reason for sustainability amongst the sampled social enterprises, which is the focus of this paper.

Thereafter we have focussed on the profits part of the QBL. As a proxy to understand how much the social enterprise focussed on profits, the questions asked were in the lines of: What is the present mix of your fund-generating model? How much is it based on donations, funds, CSR money or self-sustaining business model? The answers received indicated that the organisations are focussed towards institution building as a long-term goal. Unless supported by governmental or higher funding bodies, they are struggling with short-term revenue generation but the focus has moved from short-term to long-term sustainability. Though struggle with donor-based funding models is a common phenomenon in social enterprises of India, the financial crunch does not deter them from planning to be financially sustainable because they have come to realise that the dependence on grants is a major hindrance in their pathway to attain a sustainable social enterprise model.

At the same time, it may be suggested that most funding agencies today call for regulated, transparent and structured governance. Hence, to ensure the flow of funds

the social enterprise is compelled to practice good governance. And if that be so, to ensure continued flow of funds every social enterprise would mandatorily observe good governance practices. Thus, governance as the fourth component of the QBL is an imperative criterion for sustainability. The understanding of the respondents brings out the link between integrating good governance into their systems and the resulting sustainability of the social enterprise.

An added dimension is contributed by social enterprise 2, which says that the capacity building of partners is one of their main applications of funds and hence unless it is done in a democratic manner true utilisation of funds will not take place. Thus to ensure long-term financial sustainability they make efforts to follow appropriate governance practices.

Another view that came into light with regard to the profit aspect and its connection with governance is 'transparency'. In case of one social enterprise, the chief officer who gave the interview very categorically maintained that she joined because she knew it was a 'clean' enterprise. With the malpractices that some social enterprises indulge in and the allegation that some operate as a front for shady financial transactions; it was very critical for her to be associated with an organisation that had transparent governance structure. She also feels that any organisation to be sustainable should be progressive and change its hierarchical structure in response to the societal expectations of democracy and transparency. This sentiment was echoed by mostly all interviewees who suggested that the image of good governance is important for involvement in the social enterprise. All the social enterprises interviewed felt that financial sustainability is important but can be achieved only by fair governance. That leads us to the inference of this paper that the social enterprises interviewed are channelizing their operations keeping good governance as a fundamental requirement and this can be achieved through fair financial practices.

All the dimensions of the TBL and QBL, notably environmental (planet) focus do not get equal importance with half of the social enterprises interviewed, (two of the sampled enterprises have allotted 1/10th of their resources towards environmental focus (see annexure 2). However, the need for promoting environmental sustainability is strongly present in their ethos. It is believed by all social enterprises that unless the responsibility towards the environment is fulfilled and expressed in the public domain the image of the organisation does not stand to gain. However, social enterprise 2 had its line operations in environmental protection and hence the answers were focussed on climate mitigation and adaptation using sustainability measures like resource conservation and reuse as well as demand side management and that gets reflected in their enterprise-level strategy as well, ingraining the concept of sustainability into the very ethos of their being. However, being environmentally responsive is essential for a social enterprise regardless of its line of activities.

One of the social enterprise's interviewed said, 'We give a lot of importance to the governance structure as we work on a networked platform of service delivery'. From this, we may infer that since organisations operating on the strength of their collaborative networks are on the rise in the social sector, and these enterprises increasingly feel it is important to run their own governance structure on transparent lines so that awareness amongst the community and network, in which they operate

can be impacted better regarding the rules and legal framework necessary to produce the expected outcome. Though we realise that the organisations interviewed could not articulate very clearly their movement towards using the quadruple bottom line for sustainability assurance we see that in their practices they are integrating the fourth bottom line, i.e. good governance into their everyday practices, which will possibly support their journey towards greater sustainability.

All the organisations are moving towards the fourth bottom line which is building a good governance structure and having a long-term focus, through their efforts at institution building, transparency measures, monitoring and evaluation system, institutionalising regular impact assessment and succession planning as well as moving towards a sustainable business model.

It is observed from the analysis of the interviews that all the three social enterprises focus on TBL with the idea that QBL is their future, even if they might not use the terms particularly, except social enterprise-3. The need was felt and articulated by the respondent of sample 3, rationalising for a more structured governance process in the organisation. The people, profit and planet focus is not enough to ensure the sustainability of the organisation in the long run. In each of the practices dealing with the People, Profit and Planet dimensions, the enterprise has to integrate good governance. It is believed that it is only then that an organisation will be able to achieve its sustainability goals. The application of QBL framework can improve the sustainability of the social enterprises, whilst bolstering management capacity and enhancing their stated mission. Challenging the paradigms of 'business as usual' for social entrepreneurs are pushing the perimeters of 'their thinking about value creation, their business models, and their leadership styles' (Elkington and Hartigan 2008).

According to the social enterprises interviewed, it seems that they are increasingly finding the need to involve good governance in the framework as important for propelling them towards greater sustainability.

5.6 Discussion

The key concepts, namely the quadruple bottom line (Teriman et al. 2009a) and sustainability have been used in this study to explore the extent to which organisations need to incorporate the fourth bottom line into their sustainability matrix. The various definitions and understandings from both extant academic research and on the field practices have been explored and discussed throughout the study. Research on the subject has focused on developing a practical framework for a systems-based approach to sustainability (Waite 2013). This move from TBL to QBL is a reflection of the business community's focus expanding beyond traditional enterprises to encompass social enterprises as well. The interrelationship between adopting the QBL to ensure greater sustainability of the social enterprise seems to be well established in the understanding of the responses of the interviews conducted for this research.

The inference drawn from the interviews indicates that as the social enterprises places equal importance on the fourth element of QBL, i.e. governance, such social enterprises organically proceed towards a more sustainable organisation. QBL is more effective in ensuring sustainability of social enterprises when they need to move from a purely donor-based ecology to a more market-driven ecology where accountability, transparency and governance play more important roles not only at present but at all times.

Collectively, the data gathered indicated a progress towards systems-level and future-oriented thinking for individual social enterprises. Addressing environmental, social and economic concerns following TBL has become a part of organisational culture for many social sector organisations (partly due to international voluntary reporting schemes and some mandatory country-level reporting programs) but the lack of regulatory mechanisms in the governance structure for the social sector seems to be a constraint in their sustainability journey. The present study noticed a steady movement of successful social enterprises towards more fully integrated systems and processes for organisational sustainability following QBL. Moreover, the need for following the QBL framework was articulated by a majority of the respondents. By applying the QBL framework, social sector enterprises may effectively address their future sustainability. The authors humbly posit that this research contributes to the literature with a focus on practising social enterprises and exploring the lacunae faced in their long-term journey. The study not only identifies the challenge but also evolves a way forward by suggesting that instituting good governance measures can be an effective mode of achieving sustainability. The direction to social enterprises that are implied in this paper hint towards granting equal importance to 'governance' as a matter of regular functioning of a social enterprise. It is not surprising that one of the challenges of social enterprises is the lack of sustainability and the continuous dependence on promoters for funding. Thus, this paper tries to learn from the experience of successful social enterprises that a well-rounded pattern of people, planet, profit and governance may lead other social enterprises to a stable future. The researchers hope to continue future research with a bigger sample size and sector-specific variations may be explored.

Annexure 1

See Table 5.3.

Annexure 2

See Table 5.4.

Table 5.3 Interview Questions

Primary Question:
 How would you distribute 10 points amongst the four dimensions of social, environmental, economic and governance in terms of the importance placed on each for ensuring the sustainability of your organisation?

Dimension: Social/People

1. How many of your employees have stayed with you over the years/moved away?
2. How many of your new employees have come as referrals from volunteers/employees who work here or are past employees?
3. What do you do for your employees whom you notice have more growth potential than your organisation can offer at the present moment?

Dimension: Environmental/Planet

1. What measures do you take for energy conservation?
2. What efforts do you make for control of pollution resulting from your operations/business process?
3. What measures do you take for water conservation?

Dimension: Economic/Profit

1. How did you first begin the work? What is the situation now?
2. What is the present mix of your fund generating model? How much is it based on donations, funds, CSR money or self-sustaining business model?
3. How much of your capital do you allocate to organisational capacity building?

Dimension: Governance

1. How much have you moved away from focusing on TBL to QBL including transparency in assessments and reporting?
2. Why do you think a good governance structure in succession planning important for sustainability of the organisation?
3. How much attention do you place on transparency to all stakeholders and how is clarity of vision maintained in the organisation?

Table 5.4 The answers and narratives from the interview

Item	People	Profit/ Economic capability	Planet	Good Governance	Total
Social enterprise 1	2	2	3	3	10
Social enterprise 2	2	2	3	3	10
Social enterprise 3	3	3	1	3	10
Social enterprise 4	3	3	1	3	10

(continued)

Table 5.4 (continued)

	People
Question 1	How many of your employees have stayed with you over the years/ moved away?
	Answers
Social enterprise 1	<p>The board of directors and advisors are involved in structuring and designing most of our community based interventions and they have been with us from the very beginning. If they cannot be personally involved in any work they at least take a lot of accountability in capacity building of the empaneled consultants and volunteers .</p> <p>There have been very less attrition though new blood has been inducted over the years.</p>
Social enterprise 2	<p>We work on a networked platform of service delivery. And though head quartered in Kolkata we work all over India. So instead of raising overheads by having lot of staff on boarded we prefer to partner with the grass roots and civil organisations in the area in which the project runs. Our partners have stayed on with us over long periods of time.</p> <p>Staff attrition has been steady but not too alarming.</p>
Social enterprise 3	<p>The organisation is providing living space for women and children, empowering them with livelihood generation, up skilling them in various crafts and helping them take control of their financial situations as well as their social standing. Many of these women face extreme violence at home and are hence unable to bear the pressure of living at home with their families. A lot of the young women are absorbed in the work of the center.</p> <p>Attrition is minimal.</p>
Social enterprise 4	<p>This is a community based organisation and most staff members are women claimed from the flesh trade. Volunteers and experts who work with them are from outside.</p> <p>Most human resources have been retained over the years.</p>
Question 2	How many of your new employees have come as referrals from volunteers and employees who work here or are past employees?
Social enterprise 1	The permanent members of the trust have been there from the beginning and the involvement of temporary volunteers or interns are on a project basis. They are

(continued)

Table 5.4 (continued)

	mostly recruited by reference from the present trustees and institutions who have worked / work with us.
Social enterprise 2	Our primary focus has been reaching out to civic leaders, and building bridges to the environmental movement across hundreds of local communities. In this the referral system from our existing partners has worked very well.
Social enterprise 3	We work with volunteers who have mostly come to us through referrals .
Social enterprise 4	A fair number of referrals from our donors and funders help us to get expert consultants for various therapies that we use for taking care of traumatised children and women facing domestic violence.
Question 3	What do you do for your employees whom you notice have more growth potential than your organisation can offer at the present moment?
Social enterprise 1	The board of directors and advisors are always keen to hand hold new members but we do not have a clear policy for such cases.
Social enterprise 2	As of now we have not thought of anything .
Social enterprise 3	We train women who are exceptionally bright by providing them internship in corporate organisations where generally they get absorbed and carry on with their lives.
Social enterprise 4	According to the promoter sustainability of the organisation is ensured when the beneficiaries can independently carry on the projects themselves and impact lives as they have been impacted and more. To achieve this vision a clear direction of hand holding, mentoring, training and skilling in specific administrative and strategic functions are focused on after short listing the stars who have the capability and /or have shown the commitment to take the work forward.
Dimension	Profit
Question 1	How did you first begin your work and what is the situation now?
Social enterprise 1	We first began by undertaking funded research and publication work. It was founded in 1991, is a conservation social enterprise based in Kolkata, India. Our primary focus is to conserve wildlife, ecology, natural resources and sustainable livelihoods for an improved environment. Then we moved into design and execution of projects and achieved a wide outreach into the communities we work with. We also help generate sustainable livelihood over extended ecologies.
Social enterprise 2	We started in April 22, 1970, in America focusing on the modern environmental movement. Twenty years later, the organisation went global, mobilizing over a million people in many countries and lifting environmental issues onto the world

(continued)

Table 5.4 (continued)

	stage. So our India operations are largely funded by the parent organisation and we also accept donations and work closely with government funds.
Social enterprise 3	We started in 1932 and have been successfully engaged in empowering women and children. It was first set up with central government funds and now its scope of work has increased manifold.
Social enterprise 4	The social enterprise was set up in 1967, to rehabilitate women affected by the Partition. The board of governors and senior members and office bearers all work in voluntary capacity. We started with an eatery run entirely by women and currently have expanded into three more trades using women self-help groups and a residential center for young girls.
Question 2	What is the present mix of your fund generating model? How much is it based on donations, funds, CSR money or self-sustaining business model?
Social enterprise 1	We do not have a business model ourselves though we help the communities to set up livelihood options. Our work is mainly executed through funding by donors and CSR funds of corporate at present. But we realize that we need to structure our systems better to build capacity so we do not have to refuse any fund due to lack of resources. Once a fund is refused the donors never contact you again.
Social enterprise 2	It is mostly a funded and donor based model. We do not have a self-sustaining business model right now. It is a struggle to generate funds. Funds are important to carry on the work and the scale of the project depends on the funds allocated so all three aspects go hand in hand, environment being the core focus of the enterprise.
Social enterprise 3	They have a self-sustaining resident run eatery which is breaking even but the Labour Commission has ruled that any profits generated cannot be pooled into the funds of the mother organisation and though supported by the Social enterprise this venture has its own separate financial books. The organisation also has donors like the Rotary Club who take care of medical needs of the residents which can be a substantial amount and totally unforeseen expenditure. These donations are event focused and do not have a programmatic long term approach.
Social enterprise 4	CSR funding, international funders and small donors and India government funds. Two self-help groups have been set up under their aegis who have a self-sustaining micro enterprise business model.
Question 3	How much of your capital do you allocate to organizational capacity building?

(continued)

Table 5.4 (continued)

Social enterprise 1	We allocate a fair amount of funds to capacity building because if the internal resources are not mature enough we fail to generate more funds for continuing our work.
Social enterprise 2	Capacity building of our partners is very important in our way of doing work because it was only possible to achieve impact through educating and building capacity among the people in the communities. We do our work solely through developing our network and by building strong partnerships. The organisation works all over India without having physical infrastructure in most parts of the country solely based on its strong partnership model. So community connect is at the core of its sustainability.
Social enterprise 3	Based on their capacity the residents are trained to carry on with the work of the organisation so that outside help is not required as well as assuring them a regular income. All new projects envisioned by the organisation involve the beneficiaries who are trained accordingly .
Social enterprise 4	We are in the process of generating more funds from private equity to be used to train our human capital in areas such as financial acumen, business management skills, administrative capacities, law, language skills, IT skills so that the new units are self-sustaining.
Dimension	Planet
Question 1	What measures do you take for energy conservation?
Social enterprise 1	We have an energy audit annually and plan for optimal usage of energy in our built environment. Besides the work of the social enterprise focuses on preserving the natural ecology and generating sustainable livelihood as well as energy conservation which it does in communities by awareness generation & education and policy dialogue as well as in some cases implementing the design.
Social enterprise 2	We keep tract of our energy usage and try to control wastage in our work place . We focus primarily on renewable energy, sustainable urban development, in mobilizing the youth, building environmental stewardship, increasing green cover, and in fostering clean energy education amongst women in rural areas.
Social enterprise 3	We have installed solar PV generators for all heating and lighting needs.
Social enterprise 4	The women use soldering machines and we conduct regular training to prevent energy loss .
Question 2	What efforts do you make for control of pollution resulting from your operations/business process?
Social enterprise 1	We have estimated the waste generation of each site of our administrative units and have installed separate garbage segregation units. We have also installed grey water collection units and reuse that water. We have afforested and restored mangroves in 4500 hectares of land during 5 major river mudflats of Indian

(continued)

Table 5.4 (continued)

	Sundarbans which sequestered 75000 tons of CO ₂ as part of our regular line activities.
Social enterprise 2	We have organised car pool system for our employees to reduce CO₂ emission and our field workers have been given cycles for commuting to project sites. We also have a paperless office policy and are close to achieving 100% of our target. We work year-round on projects, programs, and campaigns that support environmental conservation and environmental protection. We have projects on reforestation, green cities and green schools amongst others as part of our line activities. Plastic pollution is a very real and growing threat to human health and our employee consciously avoid this pollution in personal and professional life.
Social enterprise 3	The physical infrastructure of our organisation is located near a very large canal where residents and local community members used to throw garbage . We have successfully run a campaign to clean the water body and maintain the cleanliness .
Social enterprise 4	The hygiene and sanitary needs of the women employees and proper waste disposal is stressed on and we have set up an in house monitoring committee to regulate the efforts.
Question 3	What measures do you take for water conservation?
Social enterprise 1	The organisation has been engaged in continuous awareness and research programs for conservation of freshwater resources in both urban and rural areas of West Bengal. We also follow the same mandates internally .
Social enterprise 2	We have installed rain water harvesting facility in two of our administrative units . We are currently involved in campaigns against micro-plastics in drinking water. The billions upon billions of items of plastic waste choking our oceans, lakes, and rivers and piling up on land is more than unsightly and harmful to plants and wildlife as part of our line activity.
Social enterprise 3	We work in educating residents of nearby slums in cleaning the open drains as a lot of infectious diseases are spread due to the extreme pollution.
Social enterprise 4	Sources of drinking water are polluted in the region in which our site is located. Vigorous campaign has been undertaken to remedy this .
Dimension	Governance
Question 1	How much have you moved away from focusing on TBL to QBL including transparency in assessments and reporting?
Social enterprise 1	We had occasion to realise the pitfalls of not having a monitoring and evaluation plan at frequent intervals on the various stakeholders and the ecology to arrest any undesirable effects at the very beginning. We have a robust and transparent reporting frame work now . We understand that all four bottom lines are interlinked and each one cannot sustain without the others .

(continued)

Table 5.4 (continued)

Social enterprise 2	Governance is of primary importance from the very beginning because the policy frame work of the nation as well as our own governance structure was built along well researched and very transparent lines but awareness among the community is lacking so the rules and legal frame work was unable to produce the necessary impact.
Social enterprise 3	We have a hierarchical structure and its functioning is based on frameworks that had been instituted long back and has not changed much through its long history. But it is important to change the structure for its sustainability as funding sources are erratic. The organisation does not focus much on the fourth bottomline at present.
Social enterprise 4	To a very large extent. According to the promoter sustainability of the organisation is ensured when the beneficiaries can independently carry on the projects themselves and impact lives as they have been impacted and more. So focusing on good governance through having a transparent reporting structure is key to building up the capacity of the people to do grow the business.
Question 2	Why do you think a good governance structure in succession planning important for sustainability of the organisation?
Social enterprise 1	According to the CEO, the vision for business continuity has to be long term . A very structured approach in succession planning can achieve the same. The organisation at present is focusing on building that pipeline.
Social enterprise 2	The organisation works all over India without having physical infrastructure in most parts of the country solely based on its strong partnership model. So community connect is at the core of its sustainability. It is linked to succession planning as the partners carry on its vision.
Social enterprise 3	The enterprise offers safe houses to women ranging from newly born children in its orphanage to 90+ women in its old age home. Good governance is critical to offer a holistic vision to tackle these dimensions and help the beneficiaries to achieve the empowerment which is the goal of the organisation. At present no definite focus is given to succession planning.
Social enterprise 4	The governance strategy is to create a second line of leadership and by 2025 the beneficiaries will be running the show themselves. To achieve this vision a clear direction of hand holding, mentoring, training and skilling in specific administrative and strategic functions are focused on after short listing the stars who have the capability and /or have shown the commitment to take the work forward. It will then truly emerge as a community based organisation.

(continued)

Table 5.4 (continued)

Question 3	How much attention do you place on transparency to all stakeholders and how is clarity of vision maintained in the organization?
Social enterprise 1	<p>We do not subsist on donation from members or membership fees. We help in setting up farmers’ cooperatives who have successful business models but the income rests with the cooperatives. Without proper governance structure none of the work would be possible as the whole structure would fall apart.</p> <p>The organisation focuses on developing its core competence by using its senior members to design most of its interventions. They work as consultants in funded projects and do the design if not the implementation but hand hold with training and any other help required. This is because penetration is a problem as well as resources and manpower. If they refuse projects because of manpower shortage, then the next projects are not awarded to them and hence they face financial crunch.</p> <p>Good governance practices help with facing these challenges.</p>
Social enterprise 2	<p>We give a lot of importance to the governance structure as it works on a networked platform of service delivery. Her opinion was that governance is of primary importance because the policy frame work of the nation as well as their own governance structure was built along well researched and very transparent lines but awareness among the community is lacking so the rules and legal frame work was unable to produce the necessary impact.</p>
Social enterprise 3	<p>The chief officer who gave the interview very categorically maintained that she joined because she knew it was a “clean” social enterprise. With the mal practices that some social enterprises indulge in and it is a known fact that some enterprises operate as a front for shady financial transactions; it was very critical for her to be associated with an organisation that had transparent governance structure but she also feels that any organisation to be sustainable should also be progressive and change its hierarchical structure in response to the societal changes.</p>
Social enterprise 4	<p>Our vision is to make the community based organizational units self-sustaining by 2025. To actionize this vision, the governance structure plays a very important role. As the social enterprise is focused on reclaiming women from the flesh trade and providing alternate source of livelihood to the next generation the policy and governance frame work of the self-run community based organisation needs to be very strong to sustain them and prevent the strong pull of the anti-social elements who run the economics of the community where they belong in claiming them back.</p> <p>The governance structure, therefore, needs not only to focus on the socio legal or political aspects which often form the mainstay of such practices but also extend equally to a livelihood focused eco system which would act as an armour or buffer between the rescued women and the ecology they have been rescued from.</p> <p>Without the said aspect, the inherent social stigma vis-a-vis the economic dependence structure of the erstwhile ecology will forever offer temptation, threat or a unique mixture of the two as a pull factor to draw them back into the same quagmire.</p>
	<p>The executive members of the social enterprise are currently playing a very strong role in mentoring the second line of leadership, using their expertise in identifying the loopholes in the current strategy, evaluating the project impacts, making new process guides, strengthening the accounting methods to prevent any fraud instead of focusing on the operational modes.</p>

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Part II
Enablers and Influencers

Chapter 6

Role of Corporate in Promoting Social Enterprises



Manju Menon and Samapti Guha

6.1 Introduction

Social enterprises (henceforth SEs) are organisations that undertake a certain economic activity to tackle a social problem, creating social value and at the same time, economic value. Some look at it as an innovative, social value-creating activity that can occur within or across the non-profits, business or government sector (Austin and Seitanidi 2012a, b). Others look at it as an entrepreneurial activity with an embedded social purpose (Santos 2012). What emerges as the role of a social enterprise is that of social value creation through innovation and mutually beneficial exchanges to solve problems (Acs et al. 2013; Dees 2012; Austin and Seitanidi 2012a, b). Academic research in the domain is only recent and has seen some growth in the last one decade. While some researchers seek the need of having a clear theoretical definition to the term social enterprise and social entrepreneurship (Mair and Marti 2006; Dees and Anderson 2006; Abu-Saifan 2012), others opine that defining the term shall limit its scope (Bielefeld 2009; Dacin et al. 2010). As Choi and Majumdar (2014) states, it may be suspected that social entrepreneurship is an essentially contested concept, and it substantiates the view that a universal definition, which would be accepted amongst the different users, is hardly ever possible.

Many scholars have attempted to understand the concept of social entrepreneurship by breaking the term into ‘social’ and ‘entrepreneurship’ and to analyse how entrepreneurship is practised in the context of society and how it interacts with various institutions as it tries to solve a social problem. Nicholls (2006) states that

¹Social Entrepreneur: *Social Entrepreneur is a mission driven individual who uses his entrepreneurial skill sets to cater to social needs using a financially viable model.* (Abu-Saifan 2012)

M. Menon (✉) · S. Guha
School of Management and Labour Studies, Centre for Social Entrepreneurship, Tata Institute of Social Sciences, Mumbai, India
e-mail: manju.menon2016@tiss.edu

social entrepreneurs¹ engage simultaneously with the government, philanthropic institutions, voluntary sector, and banks as well as the commercial market to secure funding and other support where necessary. Social entrepreneurship literature has further pointed out that social entrepreneurs aim at alleviating social problems of their institutional framework; therefore, their institutional context is a key element that they would like to change to have the positive impact on society's development (Yunus and Weber 2007). Di Maggio (1998) used the term institutional entrepreneurship in reference to those individuals who have the resources and ability to generate changes in institutions. Such changes might be initiated within the boundaries of an organisation or the broader institutional context, within which the actor is embedded. (Battilana et al. 2009).

In many ways, a social entrepreneur also resembles an institutional entrepreneur as they need to engage with existing institutions skilfully, and social entrepreneurship may also require individuals to emphasise, utilise and mobilise different sets of resource portfolios (Tracey et al. 2011). Organisations do not always have the capability to deliver new services independently and, for this reason, may choose to seek support from other parties, which possess the capabilities and instruments necessary (Montgomery et al. 2012). A research done by Echoing Green and Enclude and supported by MacArthur Foundation examines the capital needs of social entrepreneurs at various stages of their organisations' life cycle. The paper indicates that grants remain an important funding source across the seed, early, growth and scale stages. Primary needs of SE are capital (seed stage and expansion stage), coaching (organisation building, balancing social and economic value creation and handling burnout), skill building (marketing, accounts, etc.) and business network (market linkages) and corporate as an institution can play a significant role in supporting social enterprise.

With increasing consumer awareness, corporate citizenship role of businesses is under the scrutiny of public as well as governments. Progressive large businesses are embracing this as an opportunity. Corporate have been contributing towards social causes through charitable and philanthropic ways as well as through their Corporate Social Responsibility (CSR) functions. Such spending by India's largest firms stood at Rs. 7536 crores (around \$1 billion) in the financial year that ended in March 2018, according to a survey by KPMG India. Companies are increasingly also supporting technology incubators located within academic institutions that are approved by the central government as part of their CSR activities, e.g., Mahindra and Mahindra Financial Solutions funded SustainEarth (INR 2 million/€ 25,000) and FlyBird (INR 5 million/€ 62,500), and Mphasis funded SkillTrain, both through Villgro. Microsoft, Capital First, PayU, ICICI Bank, and Amazon supported Empower, a tech accelerator initiated by Zone Start-ups for women entrepreneurs in India. Likewise, Pfizer and the Foundation for Innovation and Technology Transfer (FITT), the incubator at IIT Delhi, co-created healthcare-focused accelerator to reward innovators. Pfizer provided a grant of up to INR 5 million (€ 62,500) to each winner. Corporate are also seen entering into unique partnerships with non-profits and social enterprises to explore business at the bottom of the pyramid population as well as to embed purpose in their culture and build impact into their core business. A study by UnLtd

UK found that, there are four main types of support in which corporate support social enterprises—(a) Skills partnership—where corporate employees provide mentoring, coaching, informal advice or pro bono services (at no or low-cost) to social enterprise, which can be short-term, working to tackle a particular business issue or longer-term, acting as a mentor, a trustee or board member of the social venture; (b) Incubation—where corporate help the social entrepreneurs pilot their idea, de-risk ventures for investors and scale-up, by providing finance (debt or equity), training, mentoring, expertise, office space, access to networks and opportunities to raise profile; (c) Corporate enter into a trading relationship, acting as suppliers or buyers for the social enterprise and thus providing market linkage; (d) Strategic sponsorships—some corporates support the development of the social entrepreneurship sector by sponsoring programmes of support, research or innovation or support an accelerator/incubation programme. In practice, there could be a mix of different approaches to design the perfect relationship in each individual scenario.

The authors therefore argue that it is useful to undertake an academic research, exploring the various ways in which corporate could be supporting Social Enterprises. The study therefore aims to explore the domain of corporate support to social enterprises in the context of Indian ecosystem. For doing so, the authors conducted an exploratory study with six Social Enterprises in India and adopted an inductive qualitative case study approach (Eisenhardt 1989; Eisenhardt and Graebner 2007). The paper presents the finding and analysis of the study.

There are eight sections to this paper—the introduction section is followed by a review of literature on the domain of social enterprises, ecosystem of social enterprise and role of corporate in promoting social enterprises forming the theoretical foundation of this study. Section three presents the conceptual framework that leads to research design, presented in section four. The fifth section presents the data collection and findings. Sixth section provides the analysis of the findings. In seventh section we discuss the analysis and explain the development of conceptual framework. Finally, we discuss the contribution of this article and provide future research directions.

6.2 Theoretical Foundation

The following section explores the academic literature consolidated into three main sections—Understanding Social Enterprises, The Ecosystem of Social Enterprise and Role of Corporate in promoting Social Enterprises

6.2.1 *Understanding Social Enterprise*

Social enterprise is an entity that leverages economic activity to pursue a social objective (Dees and Anderson 2006; Nicholls 2006; Santos 2012). The social objective,

mentioned here could be a solution or a response to a social problem (Dees 2012). Such entities, named as social enterprises, are said to play a role of change agent creating effective long terms solutions built on the logic of empowerment (Mair and Marti 2006; Santos 2012) and try to create more equality and equity (VanSandt et al. 2009). What is distinct with a social enterprise is that it handles a social issue using a service delivery mechanism of a corporate enterprise, i.e., focusing on parameters like efficiency and effectiveness, and therefore increasingly being considered as a fusion of efficient business model for social change (Dees and Anderson 2006, Nicholls 2006). Social enterprises therefore address social problems (poverty, unemployment, health care) or environmental challenges (sustainability), bring different stakeholders together and apply business principles (Verkerk 2013). Austin and Seitani (2012a, b) defined a social enterprise as an innovative, social value-creating activity that can occur within or across the non-profit, business or government sector. This can lead to the social enterprise evolving into newer formats, which will further expand studies of social enterprise organisational models.

Social enterprises are found existing in the continuum, of which one end is a non-profit organisation, and the other is a social business and it is being referred to by different names in the literature—Social Entrepreneurial Organisations (Mair et al. 2012), Social Enterprises, Hybrid Organisations (Powell 1987), Social business (Yunus 2010). It is noted by the authors that terms like ‘social enterprise’ and ‘social businesses’ are used interchangeably in some of the literature. In other literature, these terms have been differentiated, by saying that while both of them combine the commercial and social goals, in social enterprise the focus is on the social goals but in social business, the focus is on economic profits, while addressing the social issue. Due to the above continuum, the social enterprises are seen to operate through various legal forms. The choice of legal forms of social enterprises is generally driven by the social problems addressed. This also dictates the number of resources required, the scope of capital to be raised and the ability to capture social value (Mair and Marti 2006). Developing adequate resource conditions is important for Social Enterprises for achieving their dual objectives of social value creation and scalability and sustainability (Meyskens et al. 2010).

While legal form is one way to classify social enterprises, there are other classifications too. Alter (2008) came up with various forms of classification of social enterprises. Based on the mission orientation, social enterprises are categorised into—Mission Centric, Mission Related and Unrelated to Mission². Another categorisation by Alter (2008) classifies social enterprises based on the level of integration between a social programme and business activities as Embedded, Integrated or External³

²**Mission-centric** Social Enterprises are those where the enterprise is central to the organisation’s social mission or being formed to advance its missions. Organisations created to employ disadvantaged populations (employment development) and microfinance institutions are examples of this type of social enterprise. **Mission Related** enterprises are those where the enterprise is related to the organisation’s mission or core social services. The third category is the social enterprises which are **unrelated to the mission**.

³In **Embedded format**, the social programmes and business activities are the same. Mostly they are self-financed from the enterprise activity revenues and thus have a sustainable programme

One common thread that seems to bind various definitions is the ‘earned income’ or the presence of commercial activity in support of a core social mission. Social Value Creation (SVC) thus, forms the main distinction between social enterprises and other entrepreneurship ventures (Dacin et al. 2010; Mair et al. 2012; Emerson 2006).

Social enterprises pursue dual value creation strategies. In simple terms, **social value** is advancing common welfare; towards the betterment of society as a whole, rather than a specific group, whereas **economic value** is typically expressed in financial terms and is limited to owners and investors (Lumpkin et al. 2013). As an entrepreneurial venture, innovation is also an innate organisational trait of social enterprises. Social enterprises are organisations that attempt to address social problems or create social value while maintaining financial sustainability through a business approach (Defourny and Nyssens 2008; Haugh 2005). Thus, what emerges as the role of a social enterprise is that of social value creation through innovation and mutually beneficial exchanges to solve problems (Acs et al. 2013; Dees 2012; Austin and Seitanidi 2012a, b).

Research has shown that social enterprises need the same set of resources as any other commercial enterprise and those resources include financial resources, human resources, physical resources and others (Meyskens et al. 2010). Social enterprises do not always have the capability to deliver new services independently and, for this reason, may choose the creation of appropriate inter-organisational architectures with other parties, which possess the capabilities and instruments necessary to establish an innovative project (Montgomery et al. 2012). They may have the need to develop a set of specialised competencies like technological, marketing, etc. (Dyer and Singh 1998). Also, for creating partnership networks and for entry into new areas of intervention involves the introduction of an adequate investment of capital (Picciotti 2017).

Social enterprise as an organisation is embedded in a societal framework and it interacts with various institutions as it tries to address the cause of solving a social problem through certain innovation. Social entrepreneurship literature has pointed out that social entrepreneurs aim at alleviating social problems of their institutional framework; therefore, their institutional context is a key element that they would like to change to have the positive impact on society’s development (Yunus and Weber

strategy. In such cases, the Enterprise takes up business/operational models such as a fee for service, low income as client, cooperative, market linkage, employment models, market intermediary or entrepreneur support models. In the **integrated social enterprises**, social programme overlaps with business activities, often sharing costs and assets. Such enterprises may be structured as a profit centre or enterprise department within the non-profit or as a separate entity. There are synergies between this enterprise regarding cost and asset sharing, leveraging technology, etc. Market linkage model and service subsidisation operational models are mostly found in such cases. In many cases, integrated social enterprises expand or enhance the organisation’s mission enabling it to achieve greater social impact. Mission expansion may be achieved by commercialising the organisation’s social services and selling them to a new fee-paying market; or by providing new services to existing clients. **The external format** is the one where social programmes are distinct from business activities with no cost-sharing, technology leveraging, etc. It usually generates some economic value to support social value.

2007). Hence the next section of the literature review looks at societal framework and relevance of ecosystem and context in the work of a social enterprise.

6.2.2 The Ecosystem of Social Enterprises

Ecosystem refers to a network of relationships that enables interactions between a wide range of institutional and individual stakeholders to foster entrepreneurship, innovation and regional economic growth (Isenberg 2010). The ecosystem affects the type of resources that an organisation can draw for its growth (Spigel and Harrison 2018). The ecosystem is defined and shaped by a dominant firm, or the keystone player or value dominator, who plays a crucial role in bringing different constituent elements together to build the ecosystem (Zahra and Nambisan 2012). Ecosystem framework is particularly important for social entrepreneurs as their organisations depend on external parties for resources (Austin et al. 2006; Bloom and Dees 2008). Ecosystem players include resource providers, competitors, complementary organisations, beneficiaries and customers, opponents and problem makers and affected or influential bystanders. According to Brouard and Larivet (2011), to develop social entrepreneurship, there are a number of challenges: legal context, accompanying infrastructure, support for social innovation, funding, training, promotion, communication and evaluation. These elements represent the components of the entrepreneurial ecosystem that surrounds the social entrepreneur. Moreover, there are multiple environmental conditions that can have an impact on social entrepreneurial ecosystem. These include political and administrative structures, economics and markets, geography and infrastructure and culture and social fabric (Bloom and Dees 2008).

Nicholls (2006) states that social entrepreneurs engage simultaneously with various institutions viz. the government, philanthropic institutions, voluntary sector and banks as well as the commercial market to secure funding and other support where necessary, thus, a social enterprise is seen as operating within an institutional framework of this ecosystem. The role of institutions thus becomes critical to ensure that as the field of social enterprise grows, the desired outcomes of social enterprise are met without compromising the essential building blocks on which it has been found and achieved early successes. It is, therefore, necessary to look at the literature about institutional theory to understand how social enterprises, interact with other institutions.

6.2.2.1 Institutions

The new institutional theory by North (1990) is an attempt to incorporate the theory of institutions into economics. In his theory, Douglass C North (1990, p. 97) states that institutions are the humanly devised constraints that structure political, economic and social interactions. They consist of both informal constraints (sanctions, taboos,

customs, tradition and code of conduct) and formal rules (constitutions, laws, property rights). On similar lines, Institutions are commonly defined by Hoffman (1999) as 'rules, norms, and beliefs that describe reality for the organisation, explaining what is and what is not, what can be acted upon and what cannot'.

Institutions are never perfect, and they evolve over a period. They create organisation such as firms, trade union or political groups that often compete over scarce resources. Organisations exist in an environment of institutions that exert some degree of pressure on them; institutional environments are 'characterised by the elaboration of rules and requirements to which individual organisations must conform if they are to receive support and legitimacy' (Scott 1999). Institutions constrain behaviour as a result of processes associated with three institutional pillars: the regulative, which guides action through coercion and threat of formal sanction; the normative, which guides action through norms of acceptability, morality and ethics; and the cognitive, which guides action through the very categories and frames by which actors know and interpret their world (Scott 1999). These institutions thus are an incentive system that can positively or negatively influence the market through formal rules, informal rules of enforcement characteristics.

According to the economic perspective, institutional arrangements function to reduce uncertainty and to mitigate opportunistic behaviour such that transaction costs associated with negotiating, monitoring and enforcing contracts between bounded rational actors are reduced. Thus, we can infer here that institutions consist of the formal and informal 'rules of the game'. Entrepreneurs act within a context determined by these rules. As per Boettke and Coyne (2009), the differences in economic outcomes across societies are not due purely to differences in entrepreneurial spirit but instead are due to differences in institutions. Where institutions produce a net benefit to productive opportunities (e.g., arbitrage and innovation) entrepreneurs will exploit those opportunities resulting in the creation of wealth. Likewise, when there is a relatively high benefit to engaging in unproductive activities (e.g., rent-seeking and crime), entrepreneurs will take advantage of those opportunities. Institutions provide the general rules of the game which facilitate economic, social and political interactions. In doing so, they create incentives for certain courses of action. The total output that can be produced in a society at any point in time is a function of (1) the resources available, (2) existing technological knowledge and (3) the existing institutional arrangement that either allows or prevents the full and efficient use of the available resources. It is the array of formal and informal institutions that enable or prevent, cooperation with strangers and the resulting progress that results from specialisation and exchange. In this context, it is also interesting to explore the concept of institutional entrepreneurship.

6.2.2.2 Institutional Entrepreneurship

Institutional entrepreneurship is defined as 'activities of actors who leverage resources to create new institutions or to transform existing ones' (Maguire et al. 2004, p. 657). It involves changes to the fundamental constitution of the formal and

informal rules of the game. Eisenstadt (1980) was one of the first to use the concept of institutional entrepreneurship to describe individuals who are the catalysts of structural change. Di Maggio (1998) used the term institutional entrepreneurship in reference to those individuals who have the resources and ability to generate changes in institutions. Institutional entrepreneurs can be driven by a variety of factors including monetary gain, prestige or power. Institutional entrepreneurs, whether organisations or individuals are agents/actors who initiate, and participate in the implementation of changes that diverge from existing institutions, independent of whether the initial intent was to change the institutional environment and whether the changes were successfully implemented. Such changes might be initiated within the boundaries of an organisation or the broader institutional context, within which the actor is embedded (Battilana et al. 2009).

In as much as the social innovations created by social entrepreneurs lead to large-scale change, the role of social entrepreneurs appears to overlap to a large extent with that of institutional entrepreneurs. Social entrepreneurs resemble institutional entrepreneurs in the sense that they need to engage with existing institutions skilfully, social entrepreneurship may also require individuals to emphasise, utilise and mobilise different sets of resource portfolios (Tracey et al. 2011). Social entrepreneurs, like all entrepreneurs, face a variety of competing institutional pressures. However, the management of these pressures and the associated institutional complexity appears especially challenging in the context of social entrepreneurship, because it requires these entrepreneurs to draw from both for-profit and non-profit institutional logics, which may conflict with one another. Since social entrepreneurs pursue a variety of social innovations that are not widely known, they are likely to face challenges of newness, in their attempts, where legitimacy becomes a crucial resource for the success of these social ventures (Dart 2004).

A large portion of the resources required by social enterprises lies outside of their direct control; hence, management of relationships, network and political skills is of utmost importance for the SEs for mobilisation of resources (Austin et al. 2006). Social entrepreneurship is consciously defined and promoted by a growing number of organisations including governments, corporate, academia which find it a useful and relevant concept in seeking to offer support to innovative social leaders. This support may be financial, access to expertise and information, training and education programmes, organisations and personal development networking opportunities, etc. (Grenier 2008). Besides above, ecosystem enablers for social enterprises comprise incubators, accelerators, co-working and maker-spaces, and policymakers (Warnecke 2018).

The authors would like to emphasise that no enterprise operates in a vacuum. Many interdependent systems, institutions and networks enable social enterprises to flourish, through their interaction with the social enterprise or amongst themselves. This is what forms the ecosystem of the social enterprise. There is little existing academic work on the role that institutions play in social entrepreneurship.

In the context of this paper, we are focussing on one main institutional player which is a company or a corporate.

6.2.3 Role of Corporate in Supporting Social Enterprises

Several pieces of literature indicate the relationship between the business sector and social development. The literature can be categorised into two different perspectives for a better understanding—corporate social responsibility perspectives and strategic perspectives.

6.2.3.1 Corporate Social Responsibility

Academic research on Corporate Social Responsibility (CSR) emerged in the 1950s and had proliferated in the last two decades. Carroll in early 1990s spoke about the evolution of businesses' approach to societal responsibilities. In last two decades, the traditional concept and practice of corporate philanthropy have undergone a significant evolution into corporate social responsibility with a variety of labels, such as corporate citizenship, triple bottom line and strategic philanthropy (Zadek et al. 2001; Carrol 2008; Googins et al. 2007). In a broader sense, CSR is about the impact of business on a society or, in other words, the role of business enterprises in the development of that society. In its narrower sense, it is a complex and multi-dimensional organisational phenomenon. It could therefore be defined as the extent to which an organisation is consciously responsible for its actions and non-actions and the impact of this on its stakeholders (Rahim and Alam 2014).

An organisation's CSR strategy is constructed in response to the intensity and coherence of external influences they face (Lee 2011). Secchi (2007) argues that CSR should be analysed from three perspectives—the *utilitarian perspective* that looks at the traditional economic theory of the profit-maximising function of corporate and the problem of externalities and social costs that emerge. The second one is a *management perspective*, that looks from within the firm, and hence an internal perspective. And third is from the *perspective of relational theories* where the type of relationship between the corporate and its environment forms the basis of analysis. To understand the broader motive and potential reasons of why firms engage in social responsibility activities or undertake activities that are beyond the function of profit maximisation, it is reasonably explained by Garriga and Melé (2004) using four broad theoretical frameworks as described in Table 6.1

6.2.3.2 Strategic Perspective

Austin et al. (2006) use the term Corporate Social Entrepreneurship (CSE) which is a strategy that is aimed at spotting and redefining market opportunities through innovative strategies, process and organisations that would generate new competitive advantage. Here the companies move from the traditional patterns of charitable giving to more robust forms of corporate citizenship. Looking from a resource-based view, CSE is seen as a process extending the firm's domain of competence

Table 6.1 CSR frameworks

	Theme	Different theories
Instrumental Theories	CSR as a strategic tool to achieve economic objectives	Based on Agency theory, this approach indicates that firms try to maximise shareholder value maximisation for any decision
		That helps to achieve competitive advantage either through explained social investment in a competitive context, or natural resource-based and dynamic capabilities or those aimed for the bottom of the economic pyramid. Prahalad and Hammond (2002)
		Cause-related marketing—to improve reputation and firm through marketing activities
Political theories	This group of theories focuses on interaction and connection between business and society and the power and position of the business and the responsibility that this power confers to it.	Corporate Constitutionalism—how business should use their social power responsibly
		Integrative social contract theory—how there is not just an implicit social contract between the business that it applied at micro- and macro-level
		Corporate Citizenship—focusses on the rights, responsibilities and possible partnership of business in society
Integrative theories	On the basis that business integrate to social demand as it is dependent on the society for its existence, continuity and growth	Issues Management—the process by which a corporation can identify, evaluate and respond to those social and political issues wok may impact it significantly
		The principle of public responsibility—expands the scope of responsibility to the public rather than social
		Stakeholder Management—trying to integrate group which has a stake in the managerial decision-making
		Corporate social performance—tries to offer legitimacy to the corporation through processes for giving appropriate responses to social issues

(continued)

Table 6.1 (continued)

	Theme	Different theories
Ethical Theories	The right thing to achieve a good society	Normative stakeholder theory—stakeholder approach grounded in ethics. Fiduciary as well as moral duties to stakeholders
		Universal rights—bases on human rights, labour rights, environment, etc. (United Nations)
		Sustainable Development—towards the triple bottom line
		The common good—business to be a purely positive contributor to the well-being of the society

Source Garriga and Melé (2004)

and corresponding opportunity sets through innovative leverage of resources, both within and outside of its control, aimed at the simultaneous creation of economic and social value. Austin et al. (2006) mentions that companies may possess capabilities and resources that enable them to be highly productive generators of social value. Looking at the motives for such strategies, the following have been identified.

- It is a form of risk mitigation, in the context of changing expectations from different stakeholders. Here, the focus is beyond protecting value but also to create value.
- Alternatively, it is done for greater value creation with an assumption that creating social value creates business value.

Austin et al. (2006) further elaborate on how CSE is practiced and the three key strategies for CSE. The first one by ‘aligning’ social and business dimensions. The second is by ‘leveraging core competencies’ such as technology, talent, image, infrastructure, procurement and distribution system and communications. The third is mentioned as ‘partnering’—creating alliance, akin to creating new enterprises. Bill Drayton (2006) takes the example of Ashoka Innovators network and the partnership with Amanco to explain how business, citizen organisations (social enterprise) and consumers collaborated to create more value. Here he mentions how such partnership allows citizen sectors to achieve competitive leverage and reduce their dependency on government and foundation funds.

In a study conducted in Morocco by Kabbaj et al. (2016) big multi-national companies like Hindustan Unilever are providing coaching, pro bono consulting and sponsorships to young entrepreneurs through an association.

6.2.4 Gaps in Academic Literature

The literature reviewed demonstrates that social enterprises are embedded in an institutional framework and that a social entrepreneur may also function like an institutional entrepreneur. Much of the existing literature focuses on typology, characteristics, comparisons of social enterprises and the phenomena of value creation and innovation. While several authors have emphasised the significance of ‘Ecosystem’ and ‘Institutional Framework’ of a social enterprises, there are limited studies that have delved deeper into this topic. For example, Mair and Martí (2006) highlighted the below:

There is much to be done on the role of both formal and informal institutions in the process of social entrepreneurship. What formal institutions encourage or discourage social entrepreneurship? What role do informal institutions, such as norms and trust, play in social entrepreneurship? What incentives are necessary for successful social entrepreneurship and what institutions create these incentives? What institutional factors explain the emergence of social entrepreneurship and what theoretical lenses may help us understand those factors? (Mair and Martí 2006, p. 43).

Thus there is little existing academic work on the role that institutions play in social entrepreneurship. Also, the literature on resource needs of a social enterprise is also limited and lack specifics.

The literature on corporate and its social value creation activities provides some insights into why corporate engage in social value creation. However, the literature on various ways in which corporate support social enterprises is limited. It is very clear that, while on the practitioner side, there are several reports that are being published on this topic, there is limited academic research that substantiated these facts. In the context, there is a clear need of exploring the various ways in which corporate are supporting social enterprises.

6.3 A Conceptual Framework

The literature review in the field of corporate support to social enterprise suggests that a corporate may support a social enterprise from corporate social responsibility perspective or from a strategic management perspective. While there are various theories on why corporate engage in CSR, there is limited academic literature available on exploring ways in which corporate support a social enterprise.

The literature review related to resource requirement of social enterprise highlights four different types of support requirements of social enterprises. This support may be financial, access to expertise and information, training and education programmes, organisations and personal development networking opportunities, etc. (Grenier 2008). A broad conceptual framework is developed as presented in Fig. 6.1

Through this study, we examined the various ways in which corporate are engaging with social enterprises in India. The study also checked two specific variables for

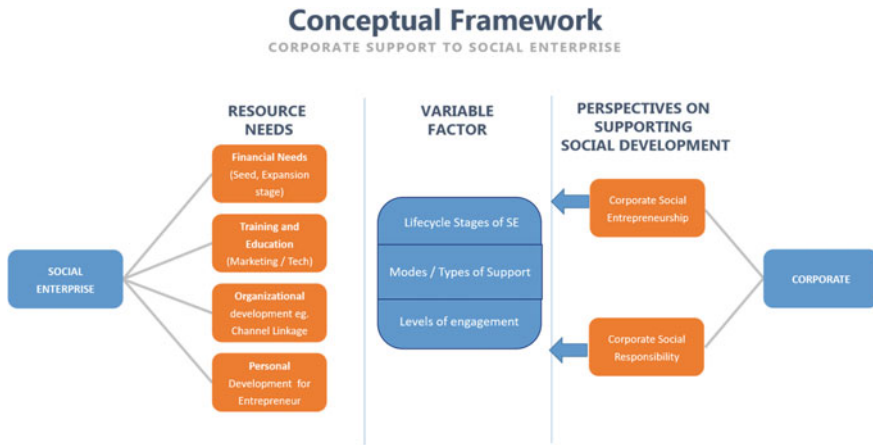


Fig. 6.1 Conceptual framework for research study

this support—life cycle stage of the social enterprise and the level of engagement. Life cycle stage has been taken as a variable because the requirement of a social enterprise is different at different stages (viz., Ideation Stage, Set-up Stage, Stabilise Stage and Growth Stage).

6.4 Research Design

This section outlines the research study objectives, methodology and its rationale, sample selection, data source and analysis approach.

6.4.1 Research Objective and Questions

The objective of this study is to explore the roles played by corporate in India towards promoting social enterprises. Hence the primary research questions are:

- *What are the different ways in which corporate sector in India engages with social enterprises?*
- *What was the life cycle stage of the enterprise at which it received the support?*
- *What was the level of engagement of the corporate with the Social Enterprise as a part of this support?*

6.4.2 *Research Methodology*

Research may be characterised as a methodological investigation into a subject or a problem (May and Williams 1996). The methodological decision that a researcher undertakes is derived from the ontological and epistemological positions taken. Authors have positioned this study on the **Interpretive Epistemology** and **Ontological** position that **reality is in the minds of the people** as it is an exploration of the idea that corporate are playing a role for promoting social enterprise. Authors have taken this epistemological position as there are ways of knowing about the world based on our perceptions and interpretations. As such, knowledge of the world is based on our ‘understanding’ which arises from our reflection on events rather than only on lived experiences (Ormston et al. 2014).

In the pursuit of exploring the answers to the research questions referred above, authors have taken an **exploratory approach** in order to arrive at a conceptual framework that shows the various ways in which institutions support a social enterprise and how the mode of support changes with the phase of growth of the enterprise. Thus the research design followed was **qualitative**. In the case of this research, the ‘unit of study’ is a social enterprise, whereas the ‘unit of analysis’ is the ‘type of corporate support to social enterprise’.

This exploratory research used case study methodology as the case study method takes care of the context of specific research. Also, social enterprise is a contemporary phenomenon, nuances of which need to be explored. Hartley (1994) mentions that case studies are specially made for exploring new processes or behaviours or the ones that are little understood. As Yin (1994) suggests, case studies can be used for descriptive, explanatory and exploratory research, being an empirical inquiry that investigates a contemporary phenomenon within its real-life context, and especially the boundaries between the phenomena and context are not evident. We adopted a multiple case design because multiple cases typically yield better grounded, more robust, generalizable and testable theory than single case does (Eisenhardt and Graebner 2007). Multiple case study allows replication logic, which enhances the validity of the findings by confirming it or throws new insight by disconfirming it (Eisenhardt 1989). Further, multiple case study enabled us to conduct cross-case comparison, which allows for a strong foundation for theory building as it allowed us to corroborate, qualify or extend the findings between cases (Eisenhardt and Graebner 2007; Miles et al. 2014; Yin 1994). **Criterion Sampling** (Patton 2002, p. 28) method is selected to include cases that confirm to certain pre-determined criterion of importance. For this study, while identifying cases, care was taken to choose enterprises directly supported by a corporate.

For this study, six social enterprises qualifying the criteria mentioned above were chosen. To obtain the information from the social enterprises, Interviews were done using a guided checklist, mostly with the head of the enterprises or founders and a few key employees in certain cases. A combination of interviews, observation and documentary evidence such as annual reports, publications, websites, brochures, articles and social media updates were used for this research. Multiple forms of

data collection were used to ensure triangulation. An interview protocol containing an outline of topics to be covered, with suggested questions was used. It served as a conversational guide and produced guided conversation during an interview. Where ever possible, interviews were recorded for later reference. Authors reviewed the interview transcripts and coded the responses and then compared the themes that were identified and consolidated the findings. This cross-case analysis was conducted to identify insights not readily available from existing theory and empirical research and to propose a contextual generalisability.

6.5 Data Collection and Findings

Data collection was taken up as a two-step process. Firstly, a secondary research was done to identify different possible ways in which different corporate are supporting social enterprises. Basis the commonalties achieved and using the research criteria of direct support, shortlisted research samples were chosen for the primary case study.

6.5.1 Secondary Research

Forty (40) social enterprises across sector and geographies were mapped to identify the support from corporate in various forms. Eight (8) common typologies evolved (Table 6.2) across the forty enterprises.

Table 6.2 Eight common typologies in which corporate support social enterprises

S. No.	Typologies/Mode of support by corporate	Example of organisation which received support
1	Setting up a social enterprise	Okhai, Piramal Sarvajal
2	Invest as stakeholder in an existing social enterprise	FabIndia, Water Health International
3	Social Intrapreneur Development: Ecosystem enabler within own organisation	SIF (Barclays)
4	Micro-entrepreneur Development as part of Channel development: Strategic CSR/Shared Value	Project Shakti (HUL), Nandi Community water services
5	Skill Support and Grants	Rangasutra, Industry Crafts
6	CSR Based Grants	MRIDA, Onergy, Araku originals
7	Ecosystem Enabler: As Donor into a social enterprise incubation/accelerator	TISS, IIM-A accelerator, Tata Social Enterprise Challenge
8	Ecosystem Enabler: As Donor into a social enterprise fund.	Aavishkar, B Fund

As per the criterion sampling, only cases with direct corporate support to the social enterprise were to be selected hence mode 7 and 8 from the table above (ecosystem enabler role) were dropped as in these cases, the support was not directly given by a corporate to a social enterprise.

After an initial reach out to respondents, a total of fifteen enterprises were shortlisted as representatives of modes one to six.

6.5.2 Primary Research

The identified fifteen enterprises were contacted one by one, to understand the nature of support to and degree of engagement with the social enterprise. The cases were interviewed (with founders or head of the identified social enterprises) using a guided checklist of questions that. Cases were studied along the main parameters of such as origin of the social enterprises, mode of engagement with a corporate, what life cycle stage the engagement happened, and the degree of engagement with each of the corporate. Each of the case was first individually analysed for these propositions and then cross-case analytical generalisations were arrived at, on common themes across those cases.

By the end of the fourth case study, commonalities started emerging for the conceptual framework developed. This was further reconfirmed with another two cases. Since no more new themes/patterns emerged after six cases it was decided to proceed with the analysis.

The following are the six social enterprise cases studied in detail:

Case 1: Okhai Centre for Empowerment:

Okhai Centre for Empowerment hereafter referred as 'Okhai' is a social enterprise working with women artisans in rural areas. It supports these women by providing design, marketing and process support and promoting their traditional craft under brand name Okhai through physical and online channels. It encourages women to take forward their traditional craft and heritage by marrying it with modern design and processes allowing them to operate within their own community. It enables these rural women to improve their livelihood and enhance their economic and social status. At the time data collection was done, over 900 rural artisans are benefiting from this programme, and the organisation aims to reach out to 5,000 artisans over the next five years. Artisans, who are organised as self-help groups earn on an average a monthly income of Rs 500 to Rs 11,000 depending on the hours they work at home or the centre, their skill level and design difficulty.

Initially incubated as a CSR project by Tata Chemicals Society for Rural Development (TCSR D)—the CSR unit of Tata Chemicals, Okhai was later registered as public trust in 2009 and had an independent board of trustees including an artisan representative. As an artisan-led brand, all the profits are used for artisan benefit. The brand is also bringing to its fold, artisans from other locations where Tata group companies have a presence, e.g., Taj Group's weavers in Varanasi, Tata Global Beverages' natural dye workers in Munnar, Tata Motors' chikankari artisans in Lucknow

and Tata Chemicals' Masai craftswomen from Magadi in Kenya. Okhai still receives funding support from TCSR and earns revenue from the enterprise activity.

Case 2: Naandi Water:

Naandi Community Water Services Private Ltd. hereafter referred to as 'Naandi Water' works with the mission of providing safe drinking water to underserved communities at an affordable price and in a sustainable manner. They operate over 500 water purification centres operating across Punjab, Haryana, Rajasthan, Andhra Pradesh, Telangana and Karnataka giving access to safe and affordable drinking water to 700,000 people. The vision of this enterprise was sown by Late Dr. Anji Reddy who was one of the Founders and Chairman of Naandi Foundation—A non-profit organisation working in the field of Education, Health and Livelihoods in several states of India. The fundamental idea was to shift the mindset of viewing poor communities as only benefactors but as a consumer offering them dignity.

The enterprise was incubated as a project, which operated in a partnership model with local government, few local donors and Naandi Foundation and a technology partner through the establishment of community-based safe drinking water plants. A significant part of the operational cost comes from the subsidised price levied from the user as per the use. Later to scale-up this project and make it a sustainable initiative, it was converted into a Private Limited Company. Other corporate leaders joined later to invest in the new company. NCWS' operates in a partnership model, which brings together key stakeholders, including the village panchayats who provide the land, the water source, electricity connection and perhaps most importantly, the political legitimacy. The state governments or the donors provide the initial capex (typically to the tune of INR 1 million), and the technology comes from other partners like Tata Projects and Danone. In the words of Divya Y, CEO of Naandi Water, 'Corporate has an important role to play in the incubation and setting up projects like this, especially where the ecosystem or service is novel or innovative' (Menon M, Telephonic Communication, Sep 09, 2017).

Case 3: Rangasutra Crafts India Limited:

Rangasutra, founded by Sumita Ghose, is an enterprise to promote the craft and livelihood of rural artisans through market linkages. It is co-founded or co-owned by the artisans, mostly women, and thus the beneficiary is the craft- producer. The model allows craft producers to define the terms of their business and thus have liberated them from the clutches of middlemen.

What started as a producer company where 1000 artisans invested Rs. 1000 each, to create a seed fund of Rs. 10 lakhs, today is the community-owned business of 3,000 artisans from remote villages and regions across India. Two thousand two hundred artisans are direct shareholders, and the company has an annual turnover of Rs. 10 crores. On average, an artisan receives a monthly income of between Rs. 3,000 and Rs. 5,000 from it. If embroidery work can be combined with the tailoring of outfits, the artisan's earnings go up to Rs. 12,000. Prior to the company's intervention in the market and the efforts it made to re-hone and upgraded artisans' skills, the artisans earned just between Rs. 500 and Rs. 1000 per month. The company's business model entails working with groups. After beginning with three clusters, it now works with 35 groups of artisans in UP, MP, Rajasthan, West Bengal, and Manipur. In Manipur,

the organisation works in collaboration with the Manipur Women Gun Survivors Network and in Madhya Pradesh with women who have given up scavenging to become artisans.

To combine business and social goals, Rangasutra registered separately as a private limited company in June 2006. While the producer company had few private investors, the private company has four stakeholders: (1) artisans; (2) Sumita Ghose; (3) Aavishkar (a venture capital fund), and (4) a joint venture fund established by FabIndia. Fab India also is a major channel partner for Rangasutra's products. Today, IKEA one of the largest retail companies in the world is a channel partner for Rangasutra, which not just sources products for their stores worldwide but also extends the commercial relationship to areas such as co-creating products, design support, training or capacity building. Rangasutra also has received indirect grants from IKEA. Collaboration such as above has brought value onboard by providing access to certain process efficiencies, allowing economies of scale, and ultimately offering more value to the customer. In the words of Sumita, 'Commercial businesses are in the field of creating commercial value by efficiency improvements and effectiveness in delivery. As a social enterprise, we need to create both commercial and social values. In this, an association with corporate helps to achieve the first part' (Menon M., Telephonic Communication, August 25, 2017). The collaboration with both IKEA and FabIndia is mutually complementary to the needs and vision of both the corporate as well as Rangasutra.

Case 4—MRIDA Group:

Mrida (Sanskrit for 'Soil') is a Social Business Venture that builds sustainable and scalable business models aimed at holistic rural development leading to economic as well as social development of people at the bottom of the pyramid. Mrida was born out of the passion of its founders towards holistic rural development and the mission to leverage their corporate work experience to address social and development-related challenges with the same rigour and financial discipline of the corporate sector. Setup in 2004, Mrida has been working in the remote rural areas in the Indian States of Rajasthan, Uttar Pradesh, Uttarakhand, Jammu & Kashmir and Madhya Pradesh with its three business verticals. First vertical looks at integrated rural development wherein solar microgrids are set up in far-flung villages, and then it works with the local communities on the effective use of the energy access—education, livelihood, women's empowerment and so on, leading to holistic development. Second vertical encourages small and marginal farmers in remote villages to cultivate high-value plants. Mrida supports the farmers with processing and market access for these products that includes traditional Indian medicine also. Under third vertical, MRIDA runs a wellness food brand 'Earthspired' (Inspired by the Earth) that creates linkages between small and marginal farmers and the end consumer.

Mrida has partnered with leading business houses in India like Infrastructure Leasing & Financial Services Ltd. (IL&FS), Mahindra & Mahindra Ltd., and Reliance Industries Ltd. for integrated Corporate Social Responsibility (CSR) initiatives. This has helped them to scale and expand their solar grids activities in rural villages. In the words of its vendors, for MRIDA, corporate are not just donors, but a potential channel partner too.

Case 5—SustainEarth Energy Solutions Private Limited:

SustainEarth is a young social enterprise that works with the mission to solve challenges of energy access for millions of rural households with cleaner fuels. SustainEarth introduced ‘Gau Gas’, a low-cost biogas system that converts cattle dung into clean cooking gas. This system is cheap, portable, durable and easy to instal. The system ensures that the by-product obtained can be used as fertiliser. Gaugas reduces the use of wood, thus reducing carbon emission while offering easy energy access in remote rural areas. The technology has been field-tested in: 9 locations in Chittoor District; 2 locations in Guntur District; 2 locations in Chitradurga District. Currently, a pilot project is underway in Gujrat in collaboration with Sistema biobolsa supported by TATA Trust.

SustainEarth was launched in 2013 and supported by Villgro innovations foundation at IIT Madras research park. The enterprise was incubated with an intention to offer a convenient, reliable and cheap alternative to an old problem and a solution that existed. They recently collaborated with a Mexican biogas company on the technology front plan to undertake local production in future. Mahindra finance supported SustainEarth in April 2015 to give a push to its product development and key marketing strategies. Jaaga has provided support to SustainEarth through its Sustain Initiative, where they are helping to develop IOT Technology for GauGas Systems to track the performance. According to Founder Koushik Y, corporate can play a big role in promoting social enterprises, either through marketing linkages, grant or investment or advocating the cause amongst stakeholders like government (Menon M, Telephonic Communication, September 13, 2017).

Case 6—Labour Net: LabourNet Services India Pvt. Ltd.

LabourNet is a social enterprise that enables sustainable livelihoods for disadvantaged men, women and youth in urban and rural areas by bridging the gaps in education, employment and entrepreneurship. It was started as a non-profit organisation in 2006, however, soon took the form of a private limited company in 2008 so as to meet the demand of being a consumer-facing organisation to achieve sustainability at the organisational level. As per the CEO Gayatri V, the organisation adopted a legal structure that allowed investment and at the same time was acceptable to the client segment they were catering to, e.g., companies that needed skilling solutions (Menon M, Telephonic Communication, September 23, 2017).

LabourNet partners with multiple stakeholders—Central and State government, NSDC, sector skill councils, industry bodies like CII, FICCI, academic institutions, industrial training centres and several vocational training partners. They work with several corporate in India to execute their agenda for skilling, staffing and community development. They use a hybrid cost model wherein the beneficiary bears 20% of the cost, organisations bear 30, and 50% is borne by third parties. In some cases where the corporate bear a considerable portion of the cost, the beneficiaries may not be required to pay. In 2013, they received an investment from the Acumen Fund and the Michael & Susan Dell Foundation. The company has enabled livelihoods for over 5,50,000 individuals directly through vocational education and skill training and another 50,000 through certification, staffing and support for micro-entrepreneurship. They have a presence in 650 locations across India, with over 300 livelihood centres

offering vocational education and skill training in over 170 trades, across more than 28 sectors.

LabourNet associates with corporate in primarily three ways—one is by working with learning and development budget of the corporate, in supporting organisation to improve the skills of their existing staff. Second is under CSR budget, where they implement skill training or entrepreneurship activities as per client's CSR policies. Third the Human Resource Budget for Staffing and Apprenticeship.

6.6 Analysis

Following the inductive theory-building methods, the authors analysed the findings by first building individual cases and then comparing across cases to arrive at a conceptual framework (Brown and Eisenhardt 1997; Eisenhardt 1989). The findings were analysed across the research variables of mode of support across life stages and level of engagement across different modes.

Mode of Support Across Life Stages

The analysis of the cases demonstrates that there are several ways in which corporate support the social enterprises. Four distinct life stages emerged from the study, viz., Ideation Stage, Set-up Stage, Stabilise Stage and Growth Stage. For the cases under study, the support modes across different life stages of the social enterprises are summarised in Table 6.3.

Authors observed that a corporate can play a role at any and all stages of life cycle of a social enterprise, e.g., Ideation stage of the enterprise (Okhai), set-up stage (Naandi and SustainEarth), to stabilise and expand (All the cases). The nature of support varies in the form of grants, investments, incubation support, channel partnership, training and skill building, or as customers of the enterprise services.

Once a social enterprise is set-up and has stabilised, the requirement of the organisation changes and thereby the kind of support required from corporate promoter changes. Therefore, it is observed that at this stage, there may be an entry of new corporate promoters for the same enterprise or, the nature of support by existing promoter changes. The analysis indicates that over the life cycle of a social enterprise (Fig. 6.2), promoting corporate partners either remain the same, e.g., Tata Chemicals in case of Okhai or may change, e.g., SustainEarth.

Even if it is the same corporate continuing, the mode of the support can change from being a funding partner to becoming a customer, e.g., FabIndia's promotion of Rangasutra. Also, it is possible that the original promoting corporate partner might continue with same kind of support and new corporate join up to support the scaling-up plan, e.g., Naandi water. Another finding was that at the start-up stage, there are no corporate involved, and the corporate support only comes in at scale-up stage, e.g., in case of MRIDA.

In the case of Naandi Water and Okhai, besides the support that they received from the early-stage investors/promoters, there are new collaborations, which came into being to scale/expand their activities. For example, in the case of Okhai, it collaborated

Table 6.3 Social enterprise life stage and corporate support

	Ideation	Set-up	Stabilise	Scale-up/Growth
Okhai	CSR Wing of Tata Chemicals (TCSRSD); based on assessment of community need	Done by TCSRSD as a project, in one of the plant's community	Trust was formed with independent board	Expanded from one Tata Chemical location to multiple location and then got other Tata group companies to collaborate
Naandi Water	Individual Corporate Leader's idea	Implemented by Naandi Foundation; did set up as pilot	Formed Private Limited company, wherein Other corporate leaders and Danone joined as investor (seed capital)	Various Corporate, local governments across various location joined the model
Rangasutra	No Corporate partner involved in ideation stage of producer company	FabIndia and Aavishkar invested in the private limited company set up	FabIndia become customer	IKEA came in as Customer and provided Design support, capability building and funding.
MRIDA	No Corporate partner involved in ideation or setup stage		IL&FS, Reliance Foundation, Rockman Industries, Mahindra & Mahindra, etc. partnered for scale-up at different locations	
SustainEarth	Villgro and IIT-Madras	Mahindra Finance seed capital	Tata Trusts is supporting to pilot new projects as a part of collaboration with Sistema Biobolsa.	
LabourNet	- Set up as pilot by MAYA, an NGO based out of Bangalore.	Ford Foundation provided the seed fund. SEEP funded the business plan preparation	Grassroots Business Fund (GBF) provided expertise in helping LabourNet create Service Level Agreements (SLA) for workers and customers	Various Corporate Partners across various location—supporting with funding, or as customers + Funding from CHF International and government

with other TATA group companies such as Taj Hotels, Tata Motors, Tata Global Beverages and outside India at Magadi, Kenya to integrate OKHAI activities into their CSR thus leading to replication of the model at the grass root and integrating it to brand OKHAI. In the case of Naandi Water, CSR units of corporate/Corporate investment helps scale-up the project in new locations. In the case of Rangasutra, IKEA

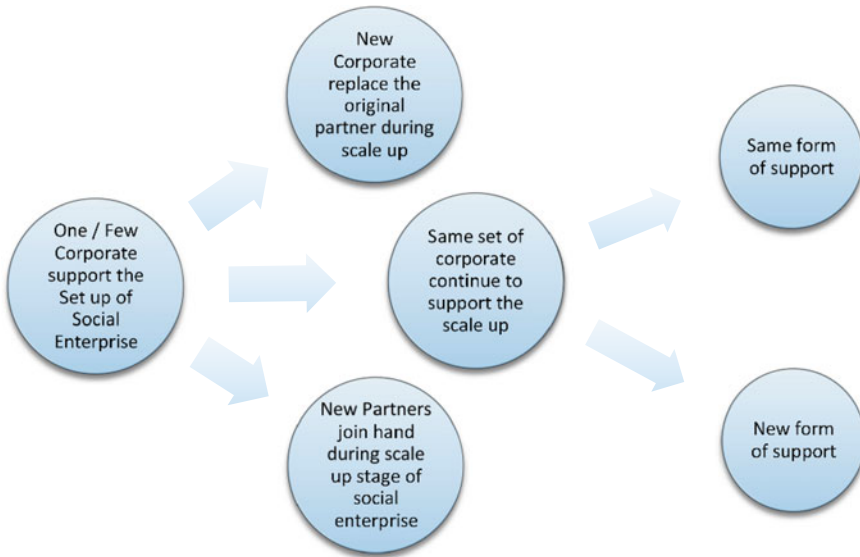


Fig. 6.2 Change of corporate support during life cycle of social enterprise

sources their products from Rangstru, and hence it is primarily a channel partner, but IKEA has extended the commercial relationship to areas such as co-creating products, design support, training or capacity building. In addition, the social enterprise has received indirect grants too from IKEA. MRIDA forged a new tie-up with Jaypore for making the shopping bags for their customers. SustainEarth is partnering with companies involved in rural marketing, so that they can promote their technology through their marketing channels or bundle with their offering, thus leading to a win-win business proposition. In addition to the above, they also collaborate with CSR units for installing biogas units in rural households.

The cross-case analysis points out we can broadly identify four modes in which a corporate support a social enterprise:

1. Supporting business Incubation (guiding an idea to reach a detailed business plan).
2. Capital support in form of seed money or infusing additional funds required for expansion.
3. Partnership/marketing linkage/providing additional channels for the social enterprise growth by being a channel partner (and in turn enabling social enterprise with technology/design needs).
4. Investment into social enterprise.

Level of Engagement

The level of engagement between the corporate and the social enterprise varies across different modes of support. As Kirti Poonia, Head of OKHAI puts it, '*Okhai is close to everyone at Tata Chemicals. It is their creation and still very close to*

the company and its people' (Menon M, Telephonic Communication, August 30, 2017). OKHAI still receives financial and voluntary support from Tata Chemicals at all levels. Similarly, in the case of Naandi Water, the corporate leaders who are active investors in the company have a higher level of involvement in the company's growth strategies and business. This signifies a higher level of engagement for corporate which have been associated with incubation/ideation/setup stage of any social enterprise.

For Naandi water, corporate which are partnering to expand the water services in a new location, their level of engagement is limited to the units they support/area they are supporting. Similarly, at SustainEarth, Mahindra Finance's involvement was limited. MRIDA also maintains a very professional engagement with each of the companies to which their products are sold and those who are supporting them to establish new solar grids. The level of engagement between LabourNet and its corporate promoters is partnership-based, where a particular activity is outsourced to LabourNet for a fee. The analysis says that when the vision is set up by another organisation and the corporate only provides funding, capacity building or technical support, the level of engagement is lower. If the idea is sown by the entrepreneur(s), then corporate mostly plays the role of investor/technical support/expansion of the network through donations. The relationship in such cases is usually more business-oriented such as market linkages, supply chain etcetera and formed around a win-win scenario.

Another important observation during primary research was that many corporate, which want to support social enterprise directly, are not doing so since that money spent on a for profit social enterprise is not being recognised by the government under the CSR spend, under CSR Act, 2013. Such corporate choose to indirectly support the social enterprise by donating into the funds like Acumen Fund, Villgro Funds, etc., which offers seed capital and incubation, support through capability building, etc. Other corporate for whom the support to social enterprise is beyond their corporate social responsibility requirements, choose to provide support through seed funding, expansion funding and market linkages.

6.7 Discussion and Conclusion

Collaborative arrangements and partnerships are increasingly perceived as the lifeblood of social entrepreneurship. How, why and when collaboration occurs across the social entrepreneurial ecosystem is an emergent area of research emphasis with potential to contribute to and develop new theories as well as provide practical insights (De Bruin et al. 2017).

Effective partnerships between corporate, NGOs and the government will place India's social development on a faster track (Shyam 2016). Corporate have the expertise, strategic thinking, manpower and money to facilitate extensive social change. We sought to explore various ways in which corporate support social enterprise, in India.

To do so, we explored six social enterprises operating in India through case study approach. It has been said that the convergence of the business and social halves of society would result in a host of new collaborations and competitive opportunities, and the emergence of hybrid and entirely new institutional forms (Drayton 2002). The study helped in enriching the conceptual framework of corporate support to social enterprise. It is evident from this study that a social enterprise can find a natural ally or supporter in the corporate sector, who can relate to the mission of the social enterprise’s activities thus making it a potential case for support. Social enterprises identifies partnership with corporate as a medium to improve their organisation’s efficiencies while creating social impact

The conceptual framework proposed in the beginning of the study (Fig. 6.1) is thereby modified as below (Fig. 6.3) to represent modes of direct corporate support to social enterprises.

The study revealed that most of such support forms **evolve over time across life stage** of the social enterprise. The study identifies various such modes of support— e.g., meeting the financial needs through grant or investment, training and technology support, channel partnership, customer or buyer relationship and sometimes by incubating an enterprise itself. And depending on the mode of support, the level of engagement varies.

The study shows that corporate support social enterprise through seed funding, expansion funding and providing market linkages, e.g., channel partnerships or enrolling as vendor. Corporate are also choosing to invest in technical support and training to social enterprises while developing them as vendors.

During the research, social enterprises identified that the direct grant to a for-profit social enterprise is less popular amongst corporate as such contributions are not recognised under the schedule of the CSR Act 2013. Many companies are contributing to accelerators/incubators, e.g., Acumen Fund, Villgro Funds, etc., that are recognised as a CSR activity as per the law. These funds in turn identify, incubate and support social enterprises. This is an interesting insight towards the institutional

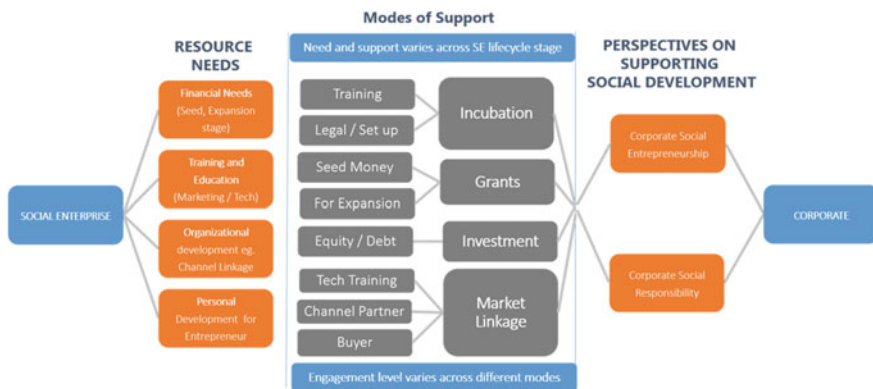


Fig. 6.3 Conceptual framework of direct corporate support to social enterprise in India

theory where formal rules could become a potential deterrent to social enterprise development. Another aspect of the same is evident from the case of LabourNet that transformed its legal structure to make the organisation more compatible to investment and corporate partnerships. Hence the norms of the ecosystem, especially the corporate institutions may have influenced the social enterprise to make those changes.

In the cases such as Okhai and Naandi Water where corporate had played an active role in ideation or Incubation of the social enterprises the element of Institutional entrepreneurship phenomena is evident, which in the case of Okhai and Naandi Water has led to formation of a new enterprise.

The study therefore concludes that corporate plays an active and significant role in supporting social enterprise and the role varies over the life cycle of the social enterprise. In the Indian context, the social enterprises are identifying corporate as a valuable partner, who not just could provide funding support, but also play a significant role as channel partners, buyers or ecosystem support roles.

6.8 Contributions

This study expands the understanding on modes of corporate support to the social enterprise sector, elucidated through the conceptual framework developed. The study also strengthens the theories on institutions and social entrepreneurship ecosystem and role of institution in promoting or limiting social enterprises, which is a less explored domain yet.

Beyond the academic contribution, the study has important implications for practitioners. The typology of corporate support to social enterprises presented in this paper is a reference model for practitioners to choose the mode and stage of engagement best suited to them, as the degree of support and engagement with the social enterprise differ in a different scenario.

As with any qualitative research that develops theory from cases, this study has few limitations that open up areas for future investigations. There are multiple ecosystem partners, who are supporting/enabling social enterprises and possibly influencing each other too. This study does not address the role and scope of support from other forms of institutions and looks only at corporate as an institution influencing social enterprise. The selection of methodology took into focus, the research objective of exploring how a corporate promote a social enterprise. Therefore, the primary interactions done with Social Enterprises did not focus on the impact measurement or value creation aspect which is a significant consideration in the context of a social enterprise. Also, since unit of study was the social enterprise, the study does not bring forth the corporate perspective of ‘why’ did they support the social enterprise. Hence the study does not answer if the support to the enterprises was strategic or non-strategic in nature. Therefore, this study can act as an initiation point into probing this relationship between corporate and social enterprise from the Corporate’s perspective

(the ‘why’ aspect). Future research can also be done from the beneficiary perspective (to understand the social value created out of such relationship).

Finally, the study is limited by its geographic focus on India. Replication of this study in social enterprises operating in other economies may display some unique models.

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Chapter 7

Collaborative Model of Social Enterprise: Influence of Organizational Conditions



N. Ramesh, M. V. Ravi Kumar, and Nattuvathuckal Barnabas

7.1 Background

Several scholars consider cross-sector collaboration as a model with a promise to solve the “wicked problems” of society, “i.e., problems that are large, messy, and complex” (Dentoni et al. 2016). The model, it is claimed, could address the widening gap between the demand for the services of Not-for-Profit organizations (NPO) and their resources (Berger et al. 2004). This hybrid model is also proffered as an effective remedy for the “sector-failure” in solving the complex social problems, especially in the government sector (Bryson et al. 2006). Moreover, several surveys of the corporate sector, though mainly in the west, have endorsed this model, and pointed to the rising emphasis on corporate citizenship as an instrument of collaboration with NPOs to address societal issues (Rondinelli and London 2003). These have led to ‘an unprecedented proliferation of accelerated interdependence across the public, profit and nonprofit sectors’ (Austin and Seitanidi Austin and Seitanidi 2012). This has heralded the rise of a new sector—the fourth sector (“fourthsector,” 2019). Collaboration is a process through which parties who see different aspects of a problem can constructively explore those differences and search for solutions that go beyond their own limited vision of what is possible (Gray and Wood 1991). Almost anything is, in principle, possible through collaboration because your own resources and expertise do not limit you. You can, in principle, achieve whatever visions you may have by tapping into resources and expertise of others (Huxham

N. Ramesh · N. Barnabas (✉)

SVKM’s Narsee Monjee Institute of Management Studies (NMIMS), Bengaluru, Karnataka, India
e-mail: Barnabas.N@nmims.edu

N. Ramesh

e-mail: nramesh23@gmail.com

M. V. Ravi Kumar

Nayana Jyothi Trust, Bengaluru, Karnataka, India
e-mail: ravikumar.50@gmail.com

and Vangen 2005). The exchange and combination of resources that are distinctively different, could potentially lead to innovative approaches to solving intractable social problems. In fact, there is growing belief that working in collaboration—particularly multi-stakeholder, cross-sector collaboration—leads to more innovative solutions and deeper, broader, more sustained social impact (Peterson et al. 2014).

Realizing these benefits of collaboration is neither easy nor straightforward. A recent study from the Berlin Civil Society Center, for example, found that nearly 40% of multi-stakeholder collaboration fail to move past their initial launch and nearly 80% fail to achieve their stated objectives (Peterson et al. 2014). Huxham and Vangen (2005) point to a lot of evidence of collaborative inertia—much collaboration makes slow progress while others die without achieving anything. Why is cross-sector collaboration so hard? Managers engaged in cross-sector collaboration should recognize they belong to different sides of the “profit” divide. The difference in missions across the partners creates a degree of conflict (Shaffer and Hillman, 2000; Westley and Vredenburg 1997) and distrust (Rondinelli and London 2003), misunderstanding of each other’s motivations (Long and Arnold 1995) that often undermines the formation and implementation of these relationships. What is the solution?

There is no one way—or even a best way—to structure cross-sector collaboration. Scholars have offered several ways to approach the challenges in managing cross-sector collaboration. Managers of the cross-sector alliance require a full and rich understanding of the factors and processes that drive, sustain, and support this new organizational form. Seitanidi et al. (2010) caution against rushing into a partnership, overlooking the negative effects of poor organizational pairing. The authors suggest that the formation stage of the partnership—even before it is formalized—be used as an informal mechanism to assess the organizational capacity for social change. This capacity is demonstrated by the organizational characteristics, organizational intentions expressed as motives and the history of the organizations’ interactions that demonstrate the organizational experience (Seitanidi et al. 2010). A survey of a large sample of NPOs in Spain revealed that cross-sector relationship based on trust and affective commitment enhanced their innovation capability in solving social issues (Sanzo et al. 2015). The authors recommend, based on the results of their survey, that managers should pay particular attention to the climate of trust and commitment—establish a cross-sector team to implement the partnership, encourage face-to-face interactions of the team members, help them develop mutual understanding, and encourage personnel mobility among groups to enhance their considerations of different perspectives. Peterson et al. (2014) have suggested, based on their research and a round table discussion with leaders of international NPOs and donors, joint planning and budgeting, shared measurement and data systems, and investment to build their culture and skill-sets around strategic partnerships. These approaches, on the whole, point towards securing appropriate organizational conditions for fruitful and successful collaborations.

Can Social Enterprises (SE), which combine the social and economic goals in a single organizational entity, benefit from a cross-sector hybrid organizational model? The mission of an SE is social impact, as distinct from social service or advocacy.

The vision of the SE is to alter an inequitable equilibrium, which has perpetuated a social problem or issue (Martin and Osberg 2007). To achieve this the SE should be capable of not only scaling rapidly to maximize Social impact but also ensure financial sustainability. This means the SE should strive to create both social and economic value (Porter and Kramer 2011). The SE could achieve scale and speed up by partnering with entities like NGOs, members of the local community, government agencies, etc. It might also be cost-effective to collaborate and hence more sustainable, than do everything on its own, especially at the community level. But the collaboration outcomes depend on productive and stable inter-organizational relationships—between the SE and its partners. As discussed above, management of cross-sector collaboration poses several challenges. The limited managerial resources of a small enterprise would only make this task more daunting. Huxham and Vangen (2005, pp. 23) caution that collaboration is a “seriously resource-consuming activity so is only to be considered when the stakes are worth pursuing”. It is, therefore, important to understand how an SE could collaborate effectively. How does a social enterprise choose to collaborate? What is the influence of organizational factors or conditions on this choice? What do these choices imply in terms of achieving scale, speed, and sustainability of the social enterprise? These are the questions we wish to address in this paper. In the next section we explain the research design. This is followed by a review of the literature and the development of a conceptual framework. We present the formulation of our propositions in the next section. We, then, describe the Drishti Case study. The section follows this on case analysis and discussion, before we conclude.

7.2 Research Questions and Methodology

In this paper, we explore how and why social entrepreneurs choose the models for their collaboration. First, we construct a theoretical framework based on the review of the relevant literature (collaborative value creation, shared value, and collaboration success) and formulate a set of exploratory propositions, which wait to be tested and validated. Then, we use a case study of Drishti, a social enterprise serving the BoP segments in the eye care services sector, with a view to only illustrate or instantiate our propositions to improve the comprehension of our theoretical framework and the attendant propositions. Such a use of case study for instantiation is in line with earlier studies (Foster and Heeks 2013; Cordella and Willcocks 2012; Austin and Seitanidi 2012). We chose Drishti for this purpose because—(i) it was a social enterprise committed to providing affordable and accessible eye care for avoidable blindness (ii) scale, speed, and sustainability were critical in view of the humongous challenge of avoidable blindness in rural India; (iii) was in its early stages of growth and rollout of the services providing a window into the unfolding challenges and decision-making, instead of relying predominantly on recall; (iv) we were fortunate to get the whole-hearted consent and cooperation of the social entrepreneur in data collection.

Data regarding Drishti was collected from both secondary and primary sources during the period 2015–2017. The secondary sources consisted of news reports and a published pedagogical case study on Drishti. Primary data was collected through semi-structured interviews of the promoter and senior personnel in collaborator organizations. An interview schedule was used to guide these interviews. Each interview, on an average, lasted for 2 h. We visited the vision center at Kanakapura. All the interviews were recorded and then transcribed verbatim. This transcribed data was used for analysis.

7.2.1 Collaborating to Co-create Value

Collaborative Value Creation (CVC) framework proposed by Austin and Seitanidi (2012) is a comprehensive and robust multidimensional, multi-level and inclusive treatment of the conception, creation and capture of value. The authors define collaborative value as the “transitory and enduring benefits, relative to the cost, that are generated due to the interaction of the collaborators and that accrue to organizations, individuals and society” (pp. 3). The framework specifies several referent constructs like types, sources, and levels of value and conceptualizes collaboration as evolving over a continuum of stages. It provides a useful window into the processes of collaboration formation and implementation and its implications for value creation. The framework delineates the choice of collaboration models or options available to a social entrepreneur: philanthropic, transactional, integrative, and transformational. We argue that the choice of the collaborative model with a partner implies a certain degree or level of organizational conditions/requirement for successful outcomes. An entrepreneur could graduate from one stage to the next—again the organizational requirements of that stage must be met for successful outcomes. The organizational conditions or requirements, in turn, have a bearing on the types of collaboration partners and the sources of value creation.

7.2.2 Creating Shared Value

Porter and Kramer (2011, pp. 66) define Shared Value (SV) as the “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates”. This definition implies a mutual interdependence of community and company needs. Therefore, social entrepreneurs are, innately, creators of shared value. There are three pathways, according to the authors, to create shared value—first, by defining the product markets to be served based on societal needs; secondly, by accounting for the externalities in the productivity calculus of the value chain, and finally, by eliminating or at least mitigating the weaknesses in the supportive infrastructure through collective action. Cross-sector collaboration is closely allied with the principle of

shared value creation as it “cuts across the traditional divide between the responsibilities of business and those of government or civil society” (pp. 72). This would call for “new and heightened form of collaboration” based on exchange and combination of “insights, skills and resources across profit/nonprofit and private/public boundaries” (pp. 76). This shared value framework, thus, delineates the choice of pathways available to a social entrepreneur while choosing a model of collaboration. The choice of a pathway implies a certain level of organizational conditions/requirements for successful outcomes.

7.2.3 Organizing for Collaborative Success

Mattessich and Monsey (1992, pp. 7) defined collaboration as “a mutually beneficial and well-defined relationship agreed into by two or more organizations to achieve common goals”. The authors further suggested that this relationship includes a commitment to: a definition of mutual relationships and goals; jointly developed structure and shared responsibility; mutual authority and accountability for success; and sharing of resources and rewards. The individuals who represent collaborating organizations are referred to as partners or members. The collaborating organizations are expected to achieve the common goals together than alone (Winer and Ray 1994).

Austin (2000) observed that collaborative relationships will increasingly migrate from the traditionally philanthropic, characterized by benevolent donor and grateful recipient, toward deeper, strategic alliances. Hence a strategic alliance is considered an advanced form of collaborative relationship. An alliance is formed when organizations agree to collaborate without giving up their independent status and the alliance often involves technology transfer (access to knowledge and expertise), economic specialization (division of labor), shared expenses, and shared risk. (Mowery et al. 1996). A strategic alliance calls for closer, regular, and structured relationship among the alliance partners at higher organizational levels but falls short of the status of an independent legal entity, agency, or corporate affiliate relationship.

In cross-sector collaboration literature the terms partnership and collaboration have been used interchangeably to refer to relationships forged between a business enterprise and a NPO for working together to achieve common goals (Austin 2000). In simple terms they mean joint-effort (Winer and Ray 1994). But, when referred to as a legal entity, partnership has a distinct meaning. A legal partnership is a contractual relationship involving close cooperation between two or more parties having specified and joint rights and responsibilities. Each party has an equal share of the risk as well as the reward in a legal partnership (NCHV 2003). In this paper we use the term partnership to refer to inter-organizational relationship and not to denote a legal entity.

“Organizations have attempted to solve social problems through collaboration for decades without producing many results. Most of these efforts lack the elements of success that enable collective impact initiatives to achieve a sustained alignment of efforts” (Kania and Kramer 2011, p. 39). The authors qualify the collective impact

initiatives as involving “a centralized infrastructure, a dedicated staff, and a structured process that leads to a common agenda, shared measurement, continuous communication, and mutually reinforcing activities among all participants”. In their study of cross-sector collaborations, Bryson, Crosby, and Stone (2006) conclude with the proposition that “the normal expectation ought to be that success is very difficult to achieve in cross-sector collaborations. Because so much must be in place and work well for them to succeed”. The literature on partnerships and Inter-Organizational Relationships (IOR) point towards the need for mutual trust, shared goals, cultural compatibility between the partners, for successful partnership outcomes. Relationship problems in collaboration are usually due to reasons like lack of shared vision, weak consensual decision-making capabilities, lack of respect and trust between partners, etc. It is widely reported that such intangible factors of the “soft” kind (i.e., trust, communication, relationships, and shared vision) have been observed to have greater influence on collaboration outcomes than the “hard” success factors (i.e., financial and technological aspects) (Moon et al. 2007; CITU 2000; Jacobson and Choi 2008; Patching and Chatham 2000; Strassmann 1997; Trafford and Proctor 2006). Das Aundhe and Narasimhan (2016) have explored the causal mechanism governing the relationship between the soft factors of collaboration success and the properties of an organization, viz., intentionality, resources, boundary, and exchange (Katz and Gartner 1988a, b). The authors have argued that the organizational characteristics facilitate social capital formation engendering the intellectual capital required for innovations (Nahapiet and Ghoshal 1998). The properties of the organization discussed earlier correspond to the organizational characteristics of time, interaction, interdependence, and closure that facilitate the development of social capital (Nahapiet and Ghoshal 1998). Hence, for the collaboration to be successful it should conform to the characteristics of an organization.

We have adapted the conceptualization of Katz and Gartner (1988a) to characterize the essential properties of an organization, be it emerging or established. These organizational properties are the building blocks which define, describe, and determine the organizational conditions for collaboration success. The organizational properties of intentionality, resources, boundaries, and exchange and combination are explained below.

Intentionality: This property refers to the cognitive process in an organization. Intentionality begins as a myopic purpose of the partners to achieve their individual goals and the early stage of information-seeking behavior is directed primarily towards this purpose. But over time this intentionality manifests in a shared structure of beliefs about the purpose and goals as distinct from those of the partners and the environment.

Resources: As an attribute of the structure, these constitute the basic building blocks of an organization. It is difficult to visualize the existence or emergence of any form of organization without resources like human and financial capital, facilities like real estate, equipment or raw-material inputs, etc. The centrality of resources is evidenced in its role in the determination of the strategic direction of the partnership.

Boundary: As a structural property it creates the barrier conditions between the organization and its environment and has multiple organizational implications. This

allows the entity to exercise control over its resources. At the same time, this attribute invests with the bounded entity the responsibility to scope, maintain and moderate its activities. Another implication is that the members of the organization are expected to play their organization-roles as distinct from their roles as individuals outside the boundary.

Exchange and combination: This refers to the repetitive cycles of transactions within an organization as in the example of managing human relations, or across the organizational boundary with individuals, the environment, or other organizations. As a process, exchange and combination represents the very essence of organizational life and hence could cease to be conducted only with the ultimate dissolution of the organization. It is through the exchange and combination of tangible and intangible resources that organizations innovate solutions to complex problems and exploit emerging opportunities.

These properties, which have both structural (resources and boundaries) and process (intentionality and exchange) characteristics, are necessary for the basic existence of an organization. The degree to which one or more of these properties are present or absent in the organizational arrangement of the cross-sector collaboration constitutes a measure of the organizational conditions.

These organizational requirements have been largely ignored in the discussions on cross-sector partnerships (CSP) or collaborations, though the latter have been called “hybrid organization models”. An SE, especially during the early stage, does not possess the managerial resources to put in place systems, processes, and commit people for even the governance of the interface of the collaboration, much less create the requisite organizational conditions.

7.3 Organizational Conditions of SE Collaboration—Conceptualizing the Relationships

In this section, we integrate the CVC and the SV frameworks and the conceptualization of organizational properties. We then raise a set of propositions predicated on the premise, drawn from the literature that was discussed in the previous sections, that social enterprises could be more effective if they co-create shared value by collaborating with other social enterprises, for Profit Business Organizations (FPO) or Nonprofit Organizations (NPO). This would be necessary to ensure lasting and transformational benefit to society, which sets a SE apart from pure business entrepreneurs or pure NPOs (Martin and Osberg 2007). The speed, scalability, and sustainability of the outcomes of a SE are enhanced through collaborative co-creation. We conceptualize four organizational properties, acting severally, as well as in concert, but of different levels or degrees of intensity, influencing the models of collaboration characterized by (a) the type of partners, (b) the type of collaboration, and (c) the choice of the execution pathways (Refer Fig. 7.1). The outcomes of collaboration

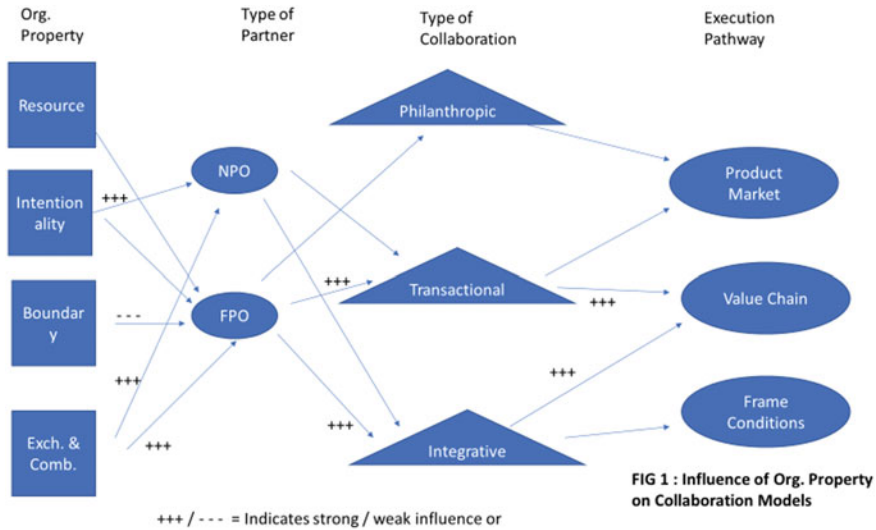


Fig. 7.1 Patterns of SE collaboration (Source: Authors’ conceptualization)

are measured in terms of the scale, speed, and sustainability of the social enterprise, which is the seeking, and shaping the collaboration.

This would help in exploring how and why a social entrepreneur could collaborate with other actors to create social as well as economic value by rapidly scaling up its impact in a sustainable manner. The integrated conceptualization provides insight into the multiple dimensions of collaborative creation of shared value.

7.3.1 Formulation of Exploratory Propositions

NPOs, by their very nature, are endowed with distinctive social resources in the form of perceived legitimacy, socio-cultural knowledge of the communities, and social capital embedded within the community network. This distinguishes NPOs from the actors of other sectors, including the SE. But the value that could be potentially created using the distinctive resources of an NPO depends on the strength of the organizational property of exchange and combination in an SE–NPO collaboration. Such exchanges and combination of the partner resources through close interactions leading to innovative joint problem solving is possible only in the context of a high degree of congruence of the property of intentionality—shared mission and goals. The boundary of the SE–NPO collaboration would facilitate through an appropriate MOU laying out the scope of the collaboration and identification of the partner-representatives for coordination. This leads to the following propositions.

H1: The higher the levels of organizational property of exchange and combination and greater the Intentionality, the more integrative would be the type of collaboration between a SE and NPO.

H2: The stronger is the intentionality and the Boundary properties, but weaker in exchange and combination, the more transactional would be the type of collaboration between an SE and NPO.

In contrast, an FPO has a range of resources—a generic one like money, to a complex resource such as the organization-specific competencies and capabilities. An SE would seek resources more substantive than simply money from an FPO and hence we do not include a pure philanthropy type of collaboration in our discussion. But the more generic is the resource, the FPO is committing to the collaboration with an SE; effective partnership outcomes depend on a strong boundary property in terms of a formal MOU delineating the scope of activities and the nature and quantum of resources and the broad organizational structure declaring the positions of leadership of the collaboration. Intentionality and exchange properties would play a marginal, but facilitative role in view of the low level of commitment of resources.

H3: The more generic is the nature of the resources, but stronger is the boundary, more transactional would be the type of collaboration between an SE and FPO.

H4: The more organization specific is the nature of the resources and higher the levels of organizational property of exchange and combination, more integrative would be the collaboration between the SE and FPO.

Schumpeterian (1934) entrepreneurs are creators of innovations by combining new resources or through a new combination of existing resources. Drucker (1995), on the other hand, portrays entrepreneurs as exploiters of opportunities created by innovations. Either way, entrepreneurs are fundamentally assemblers of resources to either create innovation or exploit its potential. The resource dependency theory posits that organizations choose to engage in collaborative behavior motivated by the deficiency of specific resources which could be acquired from the alliance partner, and thus reduce the dependence on the market for these resources (Pfeffer and Salancik 1978). Collaboration is one of the modes of seeking resources that are not available with thin the enterprise. But entrepreneurs are essentially motivated by the desire for autonomy and control. This militates against the need for collaboration in seeking complementary resources. Only organizational integration of the partners would help overcome this tension. Austin and Seitanidi (2012) have suggested an integration of mission, strategies, values, personnel, and activities, between the partners. The value chain and firm conditions are the pathways for maximization of shared value.

H5: Transactional collaboration between SE and FPO is more likely to adopt product market as the execution pathway.

H6: Integrative collaboration between SE and NPO is more likely to adopt value chain as the execution pathway.

H7: Integrative multi-stakeholder collaboration among SE, NPO, and FPO is more likely to adopt frame conditions as the execution pathway.

7.4 Drishti: An Illustrative Case

Health care and Eye Care Scenario in India

Though the second most populous nation in the world, India ranked the lowest on public healthcare spending at a dismal 1.3% of the Gross Domestic Product (GDP). The failure of the government sector resulted in an emergent for-profit private sector owning about 93% of the hospitals in the country. The geographical distribution of the hospitals was acutely skewed with 70% of the medical facilities located in the cities, whereas 70% of the population lived in rural India. Moreover, only about 1% of the total population had public health insurance coverage in a country where 78% of the population belonged to the bottom of the socio-economic pyramid (BoP). Thus, health care in India, in general, was both inaccessible and unaffordable for most of the population who, therefore, remained underserved. The scenario wasn't any different for eye care. India was home to about 12 million blind people. However, 80% of the cases of blindness was classified as avoidable blindness which could be cured with timely attention. Most of the affected patients lived in the rural India and were poor. The causes of blindness included cataract, refractive errors, glaucoma, diabetic retinopathy, etc. Cataract affected the adults, while deficiency of vitamin A rendered children prone to blindness. There was a severe shortage of ophthalmologists—just one ophthalmologist for every 60,000 patients, most of whom were concentrated in the urban India. There are some districts that don't have an eye doctor at all (Shah and Murty 2004). This was compounded by the high cost of reliable eye care services, which needed expensive screening devices, capital-intensive surgical facilities, highly skilled ophthalmologists, and para-medical staff. Therefore, accessibility to affordable and reliable eye care services eluded many of the patients in the BoP in rural India. The government of India did attempt to address this mammoth problem through the National Program for Control of Blindness (NPCB) way back in 1976. But poor planning and faulty execution due to, among other reasons, manpower and infrastructure constraints in rural areas plagued this initiative. The mass-surgery approach conducted in makeshift camps led to the dilution of the standards of quality of surgery and post-operative care resulting in 25%–40% of the operations failing in rural areas.¹ While the volume of cataract surgeries performed under NPCB had surged to 3.5 million in the year 2000, the incidence of blindness had instead increased from 1.4% in 1974, to 1.8% in 2000. The backlog of cataract surgeries had been growing by 2 lakhs per annum. It was reported that unless drastic measures are undertaken, the avoidable blindness would double by 2020. Evidence shows that the health expenditure is the second largest cause of indebtedness in rural India. Furthermore, out of pocket spending on health care drives over 20 million Indians below the poverty line every year. Historically, all health providers to reach out to the rural population in remote locations have used healthcare camps. In a health-care camp, a health service provider, typically a hospital collaborates with an NGO

¹Shah, J., & Murty, L. S. (2004). Compassionate, high quality health care at low cost: The Aravind mode; In conversation with Dr G Venkataswamy and RD Thulasiraj.

working in the area to organize a temporary camp to provide health services to the surrounding populations (Anupindi et al. 2009). The efforts of voluntary organizations, NGOs, supported by CSR, charity and community hospitals and government insurance schemes and NPCB, increased the cataract surgeries performed to 5000 per million population by 2015. It was not clear whether the other causes of AB were receiving as much attention as cataract. The refractive errors were corrected, typically, with prescription glasses. The chronic ones like diabetic retinopathy and glaucoma, required continuous patient review, mostly life-long.

7.4.1 *Drishti Model*

The Drishti² founding team sensed profitable business opportunities in the prevailing eye care scenario in India. Kiran, as the Chief Executive Officer (CEO) of the new venture, believed that the humongous social problem of avoidable blindness could be mitigated not through philanthropy alone, but through the efforts of a profitable enterprise. Drishti adopted the mission “to deliver affordable eye care in underserved markets”. The team realized that the traditional product-market approach would not work for the BoP markets. It was not possible to achieve scale, speed, and sustainability, simultaneously, but was necessary to make any significant social impact on the humongous and escalating problem of AB in India. This led Kiran to a hub-and-spoke service model. This model comprised of a base-hospital, as the hub, located in the semi-urban district headquarters, and would offer comprehensive consultation and surgical services through a team of ophthalmologists and para-medical staff, and dispense spectacles. Four or five vision centers, as the spokes located in the taluk headquarters of the same district, would offer consultation services with the help of an ophthalmologist and optometrist, and dispense spectacles. The hub-and-spoke model was complemented by a mobile clinic offering the basic eye care services on board a custom-designed bus, which traveled to the villages of the district. The first 15-bed base hospital with a monthly surgical capacity of 300 patients was set up in 2011 at *Devanahalli*, on the outskirts of the city of Bangalore. The vision centers were set up in the surrounding taluks of Vijayapura, Chikballapur, and Bagepalli. A vision center, typically, catered to 40 patients daily. A bus, suitably remodeled, conducted mobile camps in villages. Drishti targeted a turnout of about 100 customers at each of these camps. Drishti referred the patients, screened at the vision center as well as the mobile camps, to the base hospital for surgery, wherever required. The patients were transported free of cost to the base hospital and back. By December 2016, Drishti had grown into *3 base hospitals and 4 vision centers*. The goal was to have a base hospital in each of the 30 districts of Karnataka by the year 2020. Kiran explained about Drishti’s pricing policy:

²Drishti Eye Hospitals was owned by Disha, a for-profit company founded by three professionals—Mr. Anandampillai, a software engineer; Ms. Anjali Joshi, a telecommunication engineer and Dr. Rajesh Babu, a reputed ophthalmologist.

We want to be an affordable eye-care player. For any service or product, we offer, we have a minimum price. We don't offer anything free, but affordable for those who self-select themselves and walk into our Vision Centers or hospital. The logic is that if a patient self-selects, then he or she was willing to pay.

Only the poor patients were provided services free of cost. Consultation service was charged Rs. 100 for all patients. Prescription glasses were available from Rs. 300 to Rs. 1000. The charges for cataract surgeries ranged from Rs. 3800 to Rs. 25,000. The surgery was free of cost for the poor patients. Similarly, the patients at the mobile camps in villages were charged only for the prescription glasses at the minimum price. Whenever the camps were sponsored by NGOs, corporates, or political outfits, the patients were charged Rs. 30 per pair of glasses. The pricing, Kiran felt, was affordable and far below that charged by the private clinics and hospitals. The medical insurance coverage of the patients from the villages helped Drishti cross-subsidize the free surgeries.

7.4.2 *Drishti Collaboration*³

Lok Capital was the financial partner who provided the seed funding for Drishti.

“LOK is a shareholder partner in my venture. They have experts—product manager, digital mentor, finance expert, etc. They also have a retail expert. My vision center location is like any other retail outlet location. The experts advise me about the hospital location, how to speed up adoption, marketing after setting up a hospital or vision center, financial metrics for the hospital and vision center, etc. He comes down every month from Delhi, at his own expense. I am getting significant value without spending a single paisa. So, I am very happy.” Drishti has raised seed, bridge, and the third seed funding from LOK Capital.

“Investors are investors. There is no difference in the expectations. Profit, first; impact, next. I must be a successful company first. The metrics are all financial. The expectations are the same, and the patience too. They are looking at maximum 7 years for getting their invested amount back. So, there is no difference”.

For awareness creation Drishti collaborated with Disha workers who went door-to-door educating the need for preventive blindness care.

“Disha workers are another link in the chain integrating backwards from the vision center and the mobile clinic (bus)—to get deeper into the community. This helps to address two challenges we had faced: Before I arrive at the village, nothing has happened; after I leave the village, I have no link”.

The Disha workers were already familiar to and acceptable for the villagers. They conducted initial screening and qualified people for the forthcoming mobile eye camps to be held in the village. In a typical month Drishti held 22 such mobile camps across 15 villages.

³The quotes in this section are attributed to Mr. Kiran Anandampillai—Founder, Drishti.

“We train them for two weeks and give them a kit. We also give incentives. They screen the people door-to-door and diagnose if they are normal or have a vision problem. I am trying to reach the grassroots. I couldn’t have done without the support of collaborative partners like Disha. They are part of the government ASHA scheme and are hence already screened. We recruit only a small proportion of them for our work. But only those who have been with ASHA for minimum 3 years. This ensures consistency and a stable family income—some means to increase that income. We are asking for only 2 h per day. Nothing formally signed. We give them a letter stating they have received a kit worth Rs. 1500 which would be returned when they drop out. We have people working on this—building this model is important for us”.

Drishti also had a collaboration with HHH—a social enterprise focusing employability for rural youth, was engaged in recruitment, training, and deployment of youth in the villages in several vocations. HHH provided personnel to arrange for the conduct of the eye camps. Kiran believed that these collaborations made the awareness creation more persuasive and cost effective.

“We have outsourced the outreach program to HHH. They conduct the program in the bus and car. We get the list of screened people. This is a support system for the Disha workers. In the bus, I can only go to 20 locations in a month. But the Disha workers would have screened the people and would be waiting for Drishti mobile clinic. If we don’t, they are lost. We need 5 people to support a Disha worker in conducting a camp to handle registration, operate the machine, etc. HHH trains and employs people to do all this. This is another business collaboration. I supply them with materials and services of the Disha workers. I am looking for parties who are interested in building the infrastructure”.

The collaboration with Essilor 2.5 NVG, the SE division of Essilor, ensured a stable supply high-quality lenses at reasonable cost.

“The product is developed by them for the BoP segment. This is a business line. The positioning is for this segment. They are only serving this segment. I am committed to deliver a minimum quantity of annual sales”.

Essilor NVG also sponsored a bus fitted with all required equipment for conducting eye camps. The bus transported patients who needed advanced treatment and surgery, to the base hospital post the eye camp. Drishti arranged to deliver glasses to the door step of patients.

“This is a business relationship. There is a relationship manager to manage me. As you know it is about numbers. We have a commitment to sell Rs. 1.5 million of their products. They ask what is happening”.

Titan collaboration made procurement of cost-effective high-quality frames possible through its procurement department and delivered to girls at zero cost to the patient.

“There are some segments which create revenue streams for a social entrepreneur. There are others which don’t, for example, school children. For these kids, we need partners who want to reach them, which is pure charity. I don’t make money out of it—I don’t want anyone to accuse me of that. In fact, I am constantly trying to reduce the cost of delivery—last year it was Rs. 40 per child. This year I should be able to bring it down to Rs. 27–28 with the help of the Disha workers. This is a big

thing for me. Titan is only interested in the social impact. They are interested in how many backward castes are covered; how many girlchildren are covered. These are their metrics”.

Collaboration with Rotary International (RI) partially subsidized investment in screening facilities at the vision center.

“I heard they were planning to buy land and build a hospital. I offered to collaborate. Rotarians are independent professional or businessmen who don’t have the time to manage hospitals. I was a good complement. RI can subsidize the cost of capital equipment as well as support me for 500 free surgeries. In this (Kanakapura vision center) I have invested Rs. 1.8 million, RI’s share is Rs. 0.7 million. Some capital equipment is owned by them. This is a great starter for me”.

“In any collaboration one of the partners has to lead. In this case I am leading. I think two things are important in any collaboration—alignment of interests and expectations. I set the expectations right”.

“My interactions with RI are light. Anyway, the President and office bearers change every year. I mail them electronic reports and some pictures as proof. Once a year I must make a presentation to their gathering. So, it is smooth, it is not like a collaboration where I have a strong engagement”.

In small towns where Drishti did not own the vision center it sought collaboration with General Practitioners (GPs) who shared their clinic facility for ophthalmic consulting daily and glass dispensing once a week. The GP would prescribe the eye test, which would be conducted by the optometrist in the vision center set up in the same premises. The diagnosis, vetted by the hospital ophthalmologist, would prescribe either glass, medicine, or visit to the hospital.

“This model worked in Bagepalli, but not in Vijayapura. The latter saw frequent change of hands leading to relationship problems”.

7.4.3 Management of the Collaboration

All the collaborations are covered under MoU. The operational monitoring and coordination are conducted based on monthly, quarterly, and annual performance reports.

“RI is hands-off. In contrast, Titan, which has a dedicated CSR, do even third-party audit of my activities. We have quarterly review with NVG Essilor. Arun Nambiar, who heads my marketing and CSR, is involved in these progress reviews. I believe it is essential to review. This financial year I would have four more buses funded by NVG. Then it will run into big number...”.

Drishti’s collaboration with an NGO called MAYA failed to take off. MAYA was aiming for primary health outcomes in villages. Drishti believed its eye care services would logically fit into this.

“I failed to put an efficient manager to monitor the relationship. Though the women were present in the field they were not doing door-to-door screening. I had an MoU, but we were not getting patients. It seemed that they have no interest in the program”.

7.5 Case Analysis and Discussion

The four organizational properties, viz., resources, intentionality, boundary, and exchange and combination is evident in the collaborations between Drishti and its partners. We present the analysis below.

- A. **Drishti–RI Collaboration:** This is a collaboration between a social enterprise (Drishti) and an NPO (RI). This collaboration was clearly motivated by the need for “subsidy” for the capital investment on the screening facilities at the vision centers. Kiran counted on this as a “great starter”. It is interesting to note that RI is not the typical NPO with deep community-level engagement. RI is more resourceful in terms of the access to its global network of sources of funds. At the same time, the nature of the relationship is more than philanthropic since it is not simply “check writing”. Both Drishti and RI share a high degree of congruence of Intentionality—the mission of delivering affordable eye care for those at the BoP afflicted with avoidable blindness which is the founding mission of Drishti, and one of RI’s mission programs. In fact, Kiran offered Drishti’s capability as a “complement” to RI’s generic resource commitment to building a hospital. The collaboration is quite weak on the property of exchange and combination—a “light” and not a “strong engagement”. The organizational property of Boundary is also weak, except for the routine “electronic reports and some pictures as proof” and an “annual gathering”, in a context wherein the “President and office bearers change” every year. Despite a strong intentionality, the weak exchange, and combination property, the Drishti–RI collaboration is transactional.
- B. **Drishti–Disha Collaboration:** This is a collaboration between a social enterprise (Drishti) and NPO (Disha). The NPO is a loose collection of women health workers enrolled under a government scheme called ASHA. These workers have close grassroots contacts with and knowledge of the families in their village, thus enjoying a high degree of social capital. These specific resources are leveraged for conducting the door-to-door screening of the people for vision problems and encouraging the afflicted to act towards attending the mobile camps for further check-up. Drishti has deep engagement with Disha workers covering recruitment, training, incentivizing, etc. Disha workers are considered a “critical link” in the value chain “integrating backwards from the Vision Center (at taluk level) and the mobile eye clinics.... deeper into the community”, and Drishti expends efforts in “building this model” which is important to them. Kiran admits that reaching the grassroots could have been possible without the “support of collaborative partners like Disha”. The high levels of exchange and combination coupled with strong Intentionality recognition of the mission-critical capability of Disha workers characterizes this collaboration as Integrative.
- C. **Drishti–Titan Collaboration:** This is a collaboration between a social enterprise (Drishti) and an FPO (Titan). The CSR Division of Titan provides the funding for the provision of glasses for school children. The resources are, by and

large, limited to money, though Titan extends help in the procurement of cost-effective frames. Titan and Drishti share common objectives in serving the BoP segments with eye care services—a high level of congruence of intentionality. A strong property of boundary in terms of a well-structured mechanism of monitoring the performance in the field including a “third-party audit” ensures the intended coverage of the underprivileged sections of rural India. But there is little evidence of the property of exchange and combination in the collaboration. This could be categorized as a transactional type of collaboration.

- D. **Drishti–NVG Essilor Collaboration:** This is a collaboration between a social enterprise (Drishti) and an FPO (NVG Essilor). Drishti gained access to a stable source of supply of quality lenses, which were developed, especially for the BoP segment by the latter’s R&D department. This was a key resource for Drishti. Apart from this, Drishti also received substantial funds for the special bus for conducting the mobile clinic camps. In return, Drishti acted as a channel of distribution for NVG for serving the BoP segment, committing to “deliver a minimum quantity of annual sale”. The relationship was characterized by a high degree of shared intentionality between the partners since both were united in their corporate mission to address the problem of avoidable blindness through affordable eye care delivery. The boundary property was also strong on the scope of activities of the partners captured in the MoU and monitored closely by a relationship manager. There is little evidence of the property of exchange and combination between the partners. In fact, Kiran refers to the collaboration as a business relationship. This collaboration could be categorized as an Integrative type with product market as the chosen execution pathway.
- E. **Drishti–HHH Collaboration:** This is a collaboration between a social enterprise (Drishti) and another social enterprise (HHH). Drishti leveraged the rural sales force of HHH to promote and support its outreach activities at the villages. Kiran viewed this as an outsourcing activity, signifying very weak property of exchange and combination of resources between the partners. The intentionality was also weak since HHH didn’t have either the rural health or eye care as a focus area. The boundary property was strong in terms of the formal MoU and the scope of activities. Though intended to be used as a critical link in the value chain and acknowledged as a party “interested in building the infrastructure”, the relationship was more of the transactional type. The Drishti–HHH could be potentially an integrative collaboration with the value chain as the pathway of execution.

The collaboration that Drishti had forged with a variety of actors drawn from NPO and FPO sectors illustrate the influence of organizational properties. Among the properties, exchange and combination might play a central role in the determination of the type of collaboration, the choice of the execution path, and the consequent achievement of scale, speed, and sustainability. While the property of Intentionality serves to bind the partners together on a shared mission, the boundary characteristic seems to play the role of a governance mechanism—scoping, directing, and

monitoring the activities of the partners. The latter could be a hygiene property—a minimum level of which is necessary for an effective collaboration. The level of exchange and combination property, while they seem important as the “basic building block” as discussed in the literature, could moderate the influence of the property of Resources. Our observations about the influence of the organizational properties, though only illustrative, and hence only indicative, are in broad agreement with the findings reported in the partnership success literature. Mutual trust, shared goals, communication, and relationship—the “soft factors”, bear a close correspondence with the organizational properties. The study of the causal links between the two could be an interesting research pursuit in the future.

7.6 Conclusions

The objective of this paper was to explore how and why a social entrepreneur chose models of collaboration. Cross-Sector Collaboration (CSC) are emerging as social business models with a lot of promise and potential. CSCs could help a social entrepreneur achieve the speed, scale, and sustainability of their venture, essential for significant social impact. However, the collaboration research has revealed that organizational conditions must be met for collaboration success. Entrepreneurs typically suffer from deficiency of managerial resources which affect their capacity to meet the organizational requirements. The salient literature was reviewed to generate a set of propositions, linking the organizational properties of the collaboration and the nature of the collaborative models. The propositions were exemplified using a case study of a social entrepreneur who had partnered with actors from for-profit and not-for-profit sectors to provide affordable eye care services for those afflicted with avoidable blindness in the BoP market. These propositions require rigorous testing in future research.

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Chapter 8

Supply Chain Configurations of Social Enterprise: Typology and Generic Framework



Vivek Khanzode and Kanchan Joshi

8.1 Introduction

Social enterprises aim at finding a solution to a social problem or creating a social impact by involving the underprivileged people. Social value creation is the primary purpose of a social enterprise (Choi and Majumdar 2014). However, economic value creation is equally important to achieve self-sustenance. Dual value creation—social value *and* economic value, is a necessary condition for sustained operations of a social enterprise. The dual value creation concept is also referred to as a dual bottom line or blended value proposition (Certo and Miller 2008; Seelos and Mair 2005; Weerawardena and Sullivan Mort 2006). Social enterprise needs to continually prioritize and achieve a trade-off between the two value propositions (Sodhi and Tang 2011).

Further, organization and market orientation are the two fundamental constructs of social enterprise. The organization construct includes planning and control of operations within an organizational framework. The market orientation construct consists of the generation of earned income, the sustainability of operations, and effective and efficient distribution of social products (Choi and Majumdar 2014).

For a social enterprise to deliver the dual value, the performance of its supply chain is critical. Supply chain performance, measured in terms of supply chain surplus (the difference between value and total cost), depends on its configuration as a network—number of entities and linkages between them. These networks can be simple—a two-stage supplier to consumer link, or complex—an international sourcing and distribution network. Value is built into a product step-by-step and delivered to the consumer across the network. Value delivery processes consume resources and affect

V. Khanzode (✉) · K. Joshi
National Institute of Industrial Engineering, Mumbai, India
e-mail: vkhanzode@nitie.ac.in

K. Joshi
e-mail: kanchanjoshi20@nitie.ac.in

the cost structure of a product. Efficient operations keep the costs under control and generate more supply chain surplus.

Supply chain models and frameworks, based on the *theory of firm*, can offer interesting solutions to the operational problems of social enterprises. The *theory of firm* attempts to answer questions like how firms operate, expand, and merge in a market, why and how consumers demand a firm's products, and how firms within an industry compete (Shapiro 2007). From the organization and market orientation point of view, these are the relevant questions for the stakeholders of a social enterprise, including the social entrepreneur. Supply chain frameworks based on the theory of firm are useful to gain insights into these questions because the frameworks help to identify the entities and their relative positions with respect to each other in the supply chain. They help the professionals to understand the structure of a supply chain and offer guidelines for decision making.

Different frameworks are available in supply chain knowledge domain—Modified value chain framework (Shapiro 2007), Supply chain operations reference—SCOR model (Huan et al. 2004), Cycle view of the supply chain (Chopra et al. 2013) are the major ones. How these frameworks can be used to analyze the effect of social enterprise in supply chain on the supply chain performance is an unaddressed issue in two ways: (i) How to determine value creation when the perspective is changing from organizational value to dual value creation due to presence of social enterprise, and (ii) How the value is transferred to the base-of-pyramid at the extreme ends of supply side and demand side. The problem of value transfer at the base-of-pyramid is drawing increasing attention of researchers. This paper is a first step toward closing this gap by understanding the effect of the presence of social enterprise on the configuration and operational parameters of the supply chain. We propose a generic typology including three types of supply chain configuration based on experts' views. We believe that the typology allowing the inclusion of social enterprise in the supply chain and its impact on dual value creation will be beneficial to the researchers and practitioners in understanding how social enterprise is evolving and its significance in determining dual value creation.

The rest of the paper is organized as follows. In section two, we present a review of selected literature in the domains of supply chain configuration and supply chain of social enterprise. Section three describes the method used for conducting this study. In section four we present important results from our study and the three archetypes of supply chain obtained from the discussions. We also propose a decision-making framework for the three archetypes. In section five, we discuss the results with examples of selected social enterprises and implications to framework. In section six, conclusion and future directions are presented.

8.2 Literature Review

The subject of the study of this paper is supply chain of social enterprise and its configuration-related aspects. Hence, we present a review of literature in two parts. In Sect. 2.1, we look at important models and frameworks related to supply chain configuration from the classical viewpoint. The classic literature on supply chain is vast, but we limit our focus to only selected models. In Sect. 2.2, we visit the emerging body of knowledge in the domain of supply chain of social enterprise. A few researchers are publishing directly in the domain of supply chain of social enterprise, but we find enough treatment given to the subject matter of supply chain/value chain in the economic, finance, public policy, and entrepreneurship literature on social enterprise.

8.2.1 *Classical Supply Chain Literature*

We look at selected work in classical supply chain literature in two domains: the configuration and the constructs for performance. Later, we look at the gaps found in the literature due to the new phenomenon of the appearance of social enterprise in the supply chain.

Right from its inception, the supply chain is primarily modeled as a multi-echelon inventory problem (Clark and Scarf 2004)—a complex decision involving several considerations, including the choice of right configuration. At the strategic level, classical approaches to supply chain design include Fisher et al. (1997), Lee (2002), and Chopra et al. (2013). Fisher et al. (1997) suggest considering the nature of product demand before designing a supply chain. The products may be functional or innovative, often characterized by low and high variability of demand, respectively. The supply chain should be physically efficient for the functional products, and market-responsive for the innovative products. Lee (2002) advances this argument and suggests four configurations of supply chain based on supply uncertainty and demand uncertainty—efficient, responsive, risk-hedging, and agile. The efficient and responsive types are suitable for low supply uncertainty, while the risk-hedging and agile types are suitable for high supply uncertainty. Chopra et al. (2013) suggest that individual links of supply chain can be configured as efficient or responsive depending on competitive priority, and this may result into a hybrid configuration. In a recent publication, Gartner (2016) suggests the bimodal supply chain—an efficient, lean mode and an exploratory, risk-taking mode. Among the studies examining constructs in the supply chain, Chen and Paulraj (2004) suggest a validated set of constructs for theorizing the supply chain—supply network structure, buyer–supplier relations, and logistics integration. Carter et al. (2015) conceptualize supply chain as a network and complex adaptive system, including physical structure (goods flow) and support structure (information and funds flow). More recently, Melnyk et al. (2014) suggest

a three-level approach to supply chain design— influencers, design decisions, and building blocks.

Beamon (1999) and Gunasekaran et al. (2001) propose cost, quality, delivery, and flexibility-based measures for assessing supply chain performance. Akyuz and Erkan (2010) argue the need for innovative performance measurement models based on value instead of cost, focus on the compatibility of performance measures instead of trade-offs, and client orientation instead of profit orientation. Lee and Tang (2017) suggest the need to focus research effort on socially and environmentally responsible value chains—firms placing different weights on doing good or doing well and use innovative mechanisms for value delivery and value creation.

We observe that the current research addresses only the economic value maximization in the supply chain. The creation of social value, its relationship with economic value, and the distribution of value across supply chain partners are not factored into the supply chain models. How the dual value is created and delivered across the supply chain is an important research question as a higher number of social enterprises participate in the supply chains.

We also note that the traditional supply chain modeling approaches heavily focus on the “focal firm” in the value chain. The focal firm usually has the most substantial investment and influence on the operations across the value chain. However, in doing so, the challenges at the first mile and the last mile receive less attention and incur high costs and operational inefficiencies at both the extremes of the supply chain. Also, in many cases, these extreme ends of the supply chain are rooted in the base-of-pyramid population. Business models with value delivery to the base-of-pyramid community at the first and the last mile and the role of SE in them need to be studied.

8.2.2 Social Enterprise and Supply Chain Literature

The social entrepreneurship concept has been evolving over the years. However, there is hardly a universal definition. Researchers are attempting to study the concept with segmented approaches (Choi and Majumdar 2014). The heterogeneity of the concept is present across different fields of research namely economics, strategy, entrepreneurship, public sector management, innovation. Several researchers have contributed in understanding the role and effect of entrepreneurs’ characteristics, behavior, network/linkages toward the establishment and success of the social enterprise (Bendul et al. 2017; Certo and Miller 2008; Choi and Majumdar 2014; Seelos and Mair 2005; Weerawardena and Sullivan Mort 2006).

The focus of a social entrepreneur is mainly on addressing social issues for the benefit of the base-of-pyramid people (Prahalad and Hart 2002). Unlike business enterprises, social entrepreneurs establish a social enterprise for addressing and providing solutions to social problems. Social value creation is the primary goal of a social entrepreneur as opposed to economic value creation. The outcome of the social enterprise is measured in terms of social impact. Change in the outcome, i.e. social impact is defined as scaling. Scaling is usually achieved through innovative

approaches and flexibility to adapt to changing environments (Bloom and Smith 2010; Seelos and Mair 2005). The types of scaling (Bloom and Chatterji 2009) are—increasing the activities, increasing the coverage and the size, achieving and enhancing sustainability, increasing the indirect social impact.

Desa and Koch (2014) categorize the scaling impact as depth impact and breadth impact. Depth impact refers to increasing the activities or the horizontal expansion of the enterprise. Breadth impact refers to achieving financial stability through economies of scale. Scaling impact is essential for not only business ventures but also for social enterprise. Moreover, social enterprises often face a more challenging environment due to lack of infrastructure to facilitate growth, absence of easy accessibility to financial support (Bloom and Dees 2008).

In the recent past, researchers have been focusing on integrating the base-of-pyramid actors into various business activities. The importance of various core supply chain issues like partner development, stakeholder management, logistics integration, technology, and innovation aspects are considered while integrating supply chains with the base-of-pyramid actors for inclusive growth (Khalid et al. 2015). Researchers have also attempted to incorporate sustainability issues while doing so. Various ideas like involving poor as producers/distributors appear in the literature (Reiner et al. 2015; Sodhi and Tang 2011). Sodhi and Tang (2011) suggest the perspectives of traditional supply chains for sustainable operations of social enterprises. They analyze the role of social enterprise in strengthening various flows (funds, information, products) in the supply chain, and emphasize the need for developing alternative supply chain models.

Researchers are also exploring some of the coordination and integration issues faced by social enterprises in their supply chains. There are three primary dimensions to these issues: (i) issues related to flow of goods and services, (ii) issues related to flow of information, (iii) issues related to flow of funds (Bendul, Rosca, and Pivovarovva 2017). Issues related to the flow of goods and services are inadequate distribution networks and last-mile delivery (Sodhi and Tang 2014; Bendul et al. 2017). Issues related to information flow are information sharing, information as enabler for decision making, high transaction costs due to volumes, use of information and communication technologies to minimize transaction costs (Sodhi and Tang 2014, 2016). Issues related to funds flow are micro-finance, lending criteria, repayment risk reduction, mobile finance as enabler for purchasing power (Sodhi and Tang 2016). Overall issues related to coordination and integration are the number of intermediaries, role of mandis, role of collaborators and contractors (Sodhi and Tang 2014, 2016).

For the sustainability of a social enterprise, economic value creation is equally essential along with social value creation. To the best of our knowledge, none of the work discusses the application of supply chain concepts to strengthen the economic value creation of social enterprise. We note the absence of framework for mapping the supply chain of social enterprise against its competitive priorities to ensure adequate economic value creation. Besides, none of the models/frameworks that discuss dual value creation offer insights for strengthening the supply chain. We intend to link

current supply chain framework with social enterprise practices to obtain insights for configuration and strengthening of supply chain leading to self-sustenance.

8.3 Method

The study presented in this paper is part of a larger research project on understanding and mapping the social enterprise supply chain in India. This study is first of its kind to study the supply chain configuration of a social enterprise and to integrate the supply chain concepts in the operations of a social enterprise. The paucity of adequate research work motivated us to approach academicians and practitioners for content validity (Yin 2014) of our considerations regarding supply chain archetypes. We used semi-structured, open-ended interviews, and focus group discussions for primary data collection. The transcripts of the interviews and discussions were prepared, and content analysis (Bordens and Abbott 2006) was carried out to identify repeating text-strings, keywords, and underlying concepts related to the scope of the study.

In this paper, we propose three supply chain archetypes based on discussions and interviews with several social entrepreneurs and academicians and focus group discussions with experts working in the supply chain domain of procurement, logistics, warehousing. Through conversations with several academicians and social entrepreneurs, we first confirmed the need for a typology of supply chain of social enterprises. Literature was reviewed to identify different views on supply chain configuration. In this study, we considered the cycle view of supply chain (Chopra et al. 2013) as a basis for building the typology. We conceptualized the archetypes based on position and role of social enterprise on either supply side or demand side. We identified the actors and their most common places in the supply chain network and validated them through discussion with the experts. Subsequently we created logical types of supply chain out of the possible permutations. Finally, we also determined the applicability of the developed typology to the social enterprises using secondary data. For this purpose, we identified the social enterprises through www.Ashoka.org, a repository for social enterprises and other open sources. To understand the implications of the typology on the operational decisions through supply chain configuration, we conducted in-depth telephonic interviews of around sixty minutes with six experts (two academicians, two practitioners, and two social entrepreneurs) having more than ten years of field experience. The academicians were from the supply chain domain and with research interest in social value creation.

It was essential to capture the differentiating perspective about supply chain archetypes of a for-profit-firm as against the archetype of a social enterprise. For this purpose, we had an in-depth discussion with two practitioners working in the supply chain domain. Finally, we needed the perspectives of social entrepreneurs, which we captured through conversations with two social enterprises. These social enterprises were from the state of Maharashtra in India. After a series of interviews, we understood the positioning of the agents like micro-entrepreneurs and their interconnections in the supply chain.

8.4 Results

The focal firm, which is at the center of analysis of the supply chain, usually has the most substantial investment, influence, and stake in the operations across the end-to-end value chain. However, while understanding the supply chain perspective for social enterprises it is also essential to analyze the value propositions of a social enterprise—creation and delivery of economic and social value across the value chain. The supply chain of a social enterprise connects to the base-of-pyramid population either on the supply side or the demand side or both. Interactions between social enterprise and base-of-pyramid community to deliver dual value differentiate the supply chain of social enterprise from traditional for-profit supply chain. During initial discussions, the experts unanimously agreed to the thought line of need of differentiating typology to address several operational issues and decision-making problems of social entrepreneurs in supply chain.

On asking about the relevance and necessity of such typology, one of the corporate respondents said, *“I see the social enterprises on both supply and demand side of the value chain. For example, one social enterprise is involved in creation and delivery of high-quality educational content to poor school children. So, it is operating on both supply and demand side. On the other hand, almost all social enterprises in organic farming or agro-produce have greater focus on the supply side. In this model, farmers join the network as micro-entrepreneurs. These makes them different from traditional supply chain network. Similarly, social enterprises are equally present on demand side—for example, “Chindhi”—an organization making and distributing rugs.”*

The framework of Shapiro (2007) and the SCOR model (Huan et al. 2004a) focuses on the operations of a single firm. They define several primary and support activities carried out by a firm in the value chain. They are suitable for the firm as a unit of analysis—usually the focal firm in the supply chain. Our paper aims at understanding the presence and role of social enterprises at different locations in the supply chain—generally at the first mile or the last mile. The unit of analysis needs to be set at the end-to-end network, rather than an individual firm. The cycle view of supply chain (Chopra et al. 2013) is the most suitable as a starting point for such analysis. The cycle view (Fig. 8.1) divides the end-to-end supply chain network

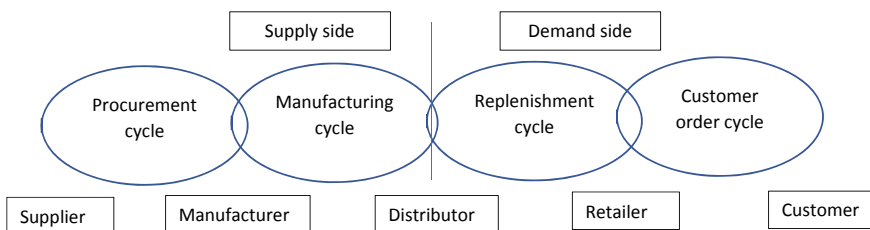


Fig. 8.1 Cycle view of the supply chain (Adopted from Chopra et al. 2013)

into four cycles: (i) Procurement cycle, (ii) manufacturing cycle, (iii) replenishment cycle, and (iv) customer order cycle.

Two cycles are on the supply side (also known as upstream or inbound supply chain), while two cycles are on the demand side (known as downstream or outbound supply chain). The two cycles on the demand side represent the distribution network, the manufacturing cycle represents the conversion processes (usually at a production facility), and the procurement cycle represents the sourcing network in the supply chain.

Based on content analysis of transcripts, we find three proposed types of supply chains based on the location of social enterprise/s in the supply chain. The supply chain configuration varies with the kind of activities carried out by the social enterprise. Three possible types are (i) Social enterprise on supply side (Fig. 8.2), (ii) Social enterprise on demand side (Fig. 8.3), (iii) Social enterprise on both supply and demand side (Fig. 8.4).

Ragpickers and social enterprise as a waste collector is an excellent example of social enterprise on supply side (Fig. 8.2). The social enterprise acts as an aggregator, and the micro-entrepreneurs are the collectors. Through the micro-entrepreneurs,

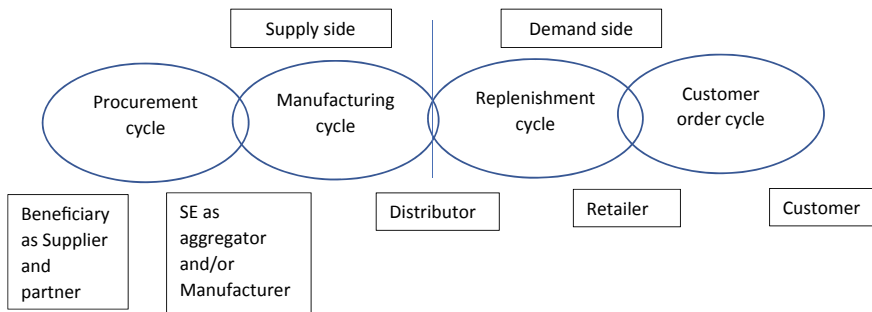


Fig. 8.2 Cycle view of the supply chain with social enterprise on the supply side

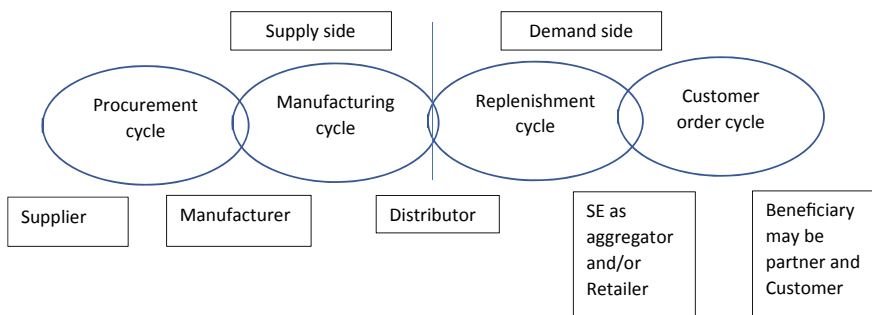


Fig. 8.3 Cycle view of the supply chain with social enterprise on the demand side

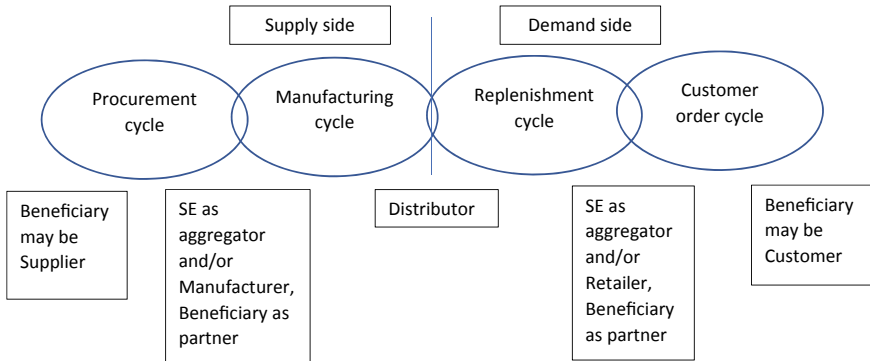


Fig. 8.4 Cycle view of the supply chain with social enterprise on both supply and demand side

the access and coverage for waste collection increase. Thus, this partnership enables value creation, and the social value generates through a supply chain partnership.

Education service provider to disadvantaged population is an excellent example of social enterprise on the demand side (Fig. 8.3). The social enterprise acts as an aggregator and service provider to the base-of-pyramid population, which works on the demand side.

Farm produce companies involved in farm to the market models are good examples of social enterprise on both supply and demand side (Fig. 8.4). Here the social enterprise is the collector and aggregator of the farm produce, and the micro-entrepreneurs are the producers in the upstream or supply side. The social enterprise will also handle the distribution centers or the nodal centers, and micro-entrepreneurs manage the last-mile delivery. Thus, high end-to-end integration happens, and social value generates through the partnership of social enterprise and micro-entrepreneurs. Another example is the social enterprises arranging handloom exhibitions. The social enterprise acts as aggregator of various handloom products and establishes multiple distribution centers. In designing their distribution network these social enterprises include micro-entrepreneurs who will enhance their penetration in downstream supply chain. Thus, the social value creation is through value chain partnership on both supply and demand side of the supply chain.

8.4.1 Decision-Making Framework

The archetypes shown in Figs. 8.2, 8.3 and 8.4 provide insights about value creation and distribution across the supply chain partners. The characterization of supply chain in the following terms helps in understanding this value: (i) Resource leveraging, scalability, reach of distribution network (Chopra et al. 2013), (ii) Capacity building, operations planning, and control indicating structural and infrastructural choices in

the value chain (Miltenburg 2008), (iii) Social value creation (Choi and Majumdar 2014), and (iv) Beneficiary model (Alter 2007).

Value creation in the supply chain is determined as well as constrained by supply chain configuration (Aggarwal and Singh 2019). The firms and individuals are the value-adding agents and may be treated as supply chain partners (Bendul et al. 2017). A firm can deliver four types of values: form, time, place, and possession (Kotler 2017). The manufacturing function is responsible for form and time value; the procurement and distribution function is accountable for place value, while the sales function is responsible for the possession value. The three flows between the agents of a supply chain—information, funds, and goods—provide the linkages between the supply chain partners.

A social enterprise may form two types of relationships with its beneficiary—(i) employer-employee relationship or employment model, (ii) supply chain partnership or partnering model (Alter 2007). Beneficiaries partnering in the value chain are usually micro-entrepreneurs (Bendul et al. 2017; Sodhi and Tang 2014). Now, for supply chain configuration design, structural and infrastructural choices are to be made (Miltenburg 2008). Structural choices include equipment, technology, and physical resources-related decisions including distribution networks. For social enterprises, these decisions mainly translate into resource leveraging and pooling, distribution network design. Due to constraints on scaling, resources leveraging and pooling become primary strategies among structural choices. Similarly, the capacity building becomes primary strategy among infrastructural choices, comprising of human resources, skills, and organization-related decisions.

During the interactions with the social entrepreneurs, we asked how they would apply the cycle view framework of the supply chain. Most of them commented that they had to work in different environments due to their connection with BOP and hinted at the usefulness of the typology considering the positioning of social enterprise and other local agents/partners. Additionally, they also shared the need for linking the positioning of the SE in three proposed archetypes with the structural and infrastructural choices determining supply chain configuration.

The insights from initial discussions, in-depth telephonic interviews, and focus group discussions were all combined to determine the supply chain archetypes for the social enterprises, the supply chain configuration, and the links with structural-infrastructural choices (Table 8.1). These choices are mapped across the proposed six types of supply chains and graded as low, medium, and high based on our understanding and the present body of knowledge, which may lead to future research propositions and investigations through case method and empirical studies.

The table also summarizes the boundary of the scalability of the supply chain in terms of its presence on demand side (downstream) or supply side (upstream) or both (end to end). Finally, the supply chain types are categorized as a business-to-business supply chain (B2B) or a business-to-customer supply chain (B2C).

Table 8.1 Supply chain archetypes, configuration, and value proposition

Archetype of Supply chain	Beneficiary model	Reach of Distribution network	Structuralchoice: Resource pooling/leveraging	Infrastructural choice: Capacity building	Supply chain scalability boundary	Social value creation	B2B or B2C
SE on supply side	Employment and partnering on the supply side	Low	Low	Low	Upstream integration	Moderate	B2B
SE on demand side	Employment and partnering on the demand side	Moderate	Moderate	Low	Downstream integration	Moderate	B2C
SE on both supply and demand side	Employment on and partnering both supply and demand side	High	Moderate	Moderate	End-to-end integration	High	B2C

8.5 Discussion

We divide the supply chain of a social enterprise into the supply side and demand side based on a boundary placed at the finished product stage. In traditional supply chain, typical actors on supply side are raw material providers, vendors, transporters, and manufacturers (Chopra et al. 2013). Similarly, on demand side typical actors are distributors, wholesalers, retailers, and transporters. To understand the social enterprise's supply chain, we draw an analogy with the traditional supply chain. A social enterprise may assume the role of one or more actors or maybe an additional actor (as integrator or consolidator of social value). Further, micro-entrepreneurs may play one or more roles primarily to support the social enterprise.

We shared the developed archetypes with the academic and corporate domain experts. An expert from the industry said, *“Most social entrepreneurs start with a lot of passion, a grand purpose, but stumble across problems due to lack of practical viewpoint. As far as social value is concerned, it is quite clear that social enterprise adds specific social value – livelihood, creation of micro-entrepreneurs, involving poor in the value chain, etc. However, for economic value creation, the social enterprise must focus on core operations strategies – cost, quality, or differentiation.”* The significance of the archetypes and their need while determining the dual value proposition infers directly from the discussions. We now discuss the three archetypes with appropriate examples using secondary data.

Archetype 1: Social enterprise on supply side

Here, the social enterprise has a presence only on the supply side. The social enterprise will typically engage the beneficiaries as partners in the upstream value chain. The beneficiaries may be the producers and/or the intermediaries (collectors, aggregators) between the producers and the social enterprise. These beneficiaries are the local people who act as micro-entrepreneurs. The social enterprise further connects to an intermediate firm, and the value chain on the demand side is usually commercial. Social enterprise does not have presence on the demand side and is typically a B2B model. The involvement of micro-entrepreneurs strengthens the supply side presence of social enterprise, and hence would be beneficial to the social enterprise. The social value creation happens only on the supply side and through the value chain partnership.

LOCOST (<http://india.ashoka.org/fellow/chinu-srinivasan>) is a social enterprise with its presence on the supply side of its supply chain. The production facility allowed Srinivasan (the social entrepreneur) and his colleagues in the cooperative he helped establish Low-Cost Standard Therapeutics (LOCOST) to supply desperately needed drugs at low cost initially to fifteen percent of the Indian voluntary sector—300 organizations. By cutting production costs and eliminating the middleman, LOCOST can sell medicines directly to voluntary organizations that, in turn, provide them to their customers at below-market, far more affordable prices. A maximum retail price of ten to fifteen percent above cost is stamped on each formulation LOCOST produces. Keeping the ideal of low profits is integral to Srinivasan's

business plan—if any voluntary organization attempts to charge higher prices, its supply is cut off. LOCOST itself makes a profit of about ten percent on its products, compared with an average of fifty to sixty percent among the mainstream drug manufacturers.

Archetype 2: Social enterprise on demand side

Here, the social enterprise is present only on the demand side of the value chain. The social enterprise will typically engage the beneficiaries as partners in the downstream value chain. These partners are micro-entrepreneurs. The micro-entrepreneurs may directly connect to the end-user, who may or may not be the beneficiary. The distribution network of the social enterprise improves due to the presence of micro-entrepreneurs. The supply side value chain is usually commercial, and the social enterprise does not have a presence on the supply side. Thus, it is a B2C model. The social value creation happens only on the demand side, primarily through the value chain partnership.

Sustaintech (<http://india.ashoka.org/fellow/svati-bhogle>) is a social enterprise with its presence on the demand side of its supply chain. Svati Bhogle (social entrepreneur) has created a distribution system to counter the inefficient use of cooking stoves by street food vendors in India, enabling them to own fuel-efficient stoves easily, save money on fuel (40% saving in bills), and earn a better profit. It outsources the fabrication of the stoves to a central manufacturer, and a rural entrepreneur assembles the stoves locally before the units arrive in the vendor's kitchen. Sustaintech starts its marketing in the area by identifying leading street food vendors and installing demo stoves for them followed by promotional activities. The bank pays Sustaintech directly, and the local sales officer delivers the stove to the street vendor without a down payment.

Archetype 3: Social enterprise on both supply and demand side

The third archetype is the most generalized but the least common archetype of the supply chain of a social enterprise. Here, social enterprise, as well as micro-entrepreneurs, are present on both sides, upstream and downstream, of the value chain. In the upstream value chain, social enterprise may involve the micro-entrepreneurs (beneficiaries) as producers and collectors in aggregation. In the downstream, the social enterprise may engage the micro-entrepreneurs as distribution agents to the end consumers. In this case, the social enterprise needs to design and operate distribution network in coordination with micro-entrepreneurs. The social value generates in demand as well as supply side. Thus, we categorize this archetype as B2C. The social value creation is through value chain partnership on both upstream and downstream of the value chain. Creating this value proposition is difficult, due to the complexities in financial, infrastructural, capacity and resource constraints in supply chain operations, lack of information sharing, and coordination issues. A social enterprise usually may not possess capabilities to handle long value chains efficiently. Therefore, very few social enterprises may operate in this archetype of supply chain.

Sukanya (<http://india.ashoka.org/fellow/aparna-banerjee>) is a social enterprise with its presence on both demand and supply side. Sukanya, the social enterprise set up by Aparna (social entrepreneur), is best described as an end-to-end social value chain, created and managed by disadvantaged women. A micro-retail chain, it rests on an intelligent supply chain management and distribution network, robust back-end operations, and third-party logistics that enable poor people to compete with and be part of the retail boom in India and globally, in a sustainable way by selling handicrafts and home-made products.

8.5.1 Decision-Making Framework

In discussions with social entrepreneurs, we found some degree of ignorance regarding two issues: (i) understanding own position with respect to the other agents (micro-entrepreneurs) in the supply chain, and (ii) value transfer through the supply chain configuration and information, fund, and product flow. Social enterprise must make structural choices related to equipment, technology, physical resources and distribution network, and infrastructural choices related to capacity and skill-building and organization design (Miltenburg 2008).

To understand this in more detail, we asked questions such as—*Do you see the position and role of social enterprise in the broader value chain? How does social enterprise add value? Are there any micro-entrepreneurs involved?* For social enterprises, these questions mostly translate into resource leveraging and pooling and distribution network design. When asked about their perspectives on structural and infrastructural choices, a social entrepreneur said that a social enterprise operating on supply side must connect the beneficiaries with the market demand, and if it fails in this, creating the capacity would not be helpful. However, in order to build such connect on both demand and supply side, a social enterprise needs to ensure—(i) acceptable quality product/service to the beneficiaries and (ii) a mechanism on sourcing side for capacity building.

Corporate experts expressed that it is significant to understand the domains of value created by social enterprise—capacity building, training and skilling, financial independence, fundamental livelihood issues like literacy, health, hygiene. They further emphasized that the supply chain configuration and decision making based on proposed typology may provide insights for economic value creation, which is essential for the sustenance of a social enterprise.

From the discussions, it was apparent that scaling constraints are prominent for social enterprises. Resource leveraging and pooling is a primary strategy among structural choices to handle scaling constraints. Similarly, capacity building is a central strategy among infrastructural choices—deploying scarce human resources and lean organization design. Mapping of the choices as shown in Table-1 and their relative grading is based on the respondents' views and our understanding of the present body of knowledge. Research propositions may be designed based on Table-1 and further investigated through case method and empirical studies.

8.6 Conclusions

In supply chain literature of social enterprise, there is a lack of generic typology and decision-making framework. This paper is the first step toward closing this gap. In this study, we propose three archetypes of supply chains based on the presence of social enterprise on supply or demand side, with a boundary placed at the finished product stage. In configuring such a supply chain, key decision factors are distribution network and structural and infrastructural choices. Primary structural choices are related to resource leveraging and pooling, and primary infrastructural choices are related to capacity building and lean organization. Researchers study supply chains of social enterprises to understand creation, delivery, and sustenance of dual value. We speculate that each archetype of supply chain as proposed has a differential potential toward creation, delivery, and sustenance of dual value. Well-designed research is required to validate this proposition.

Although this study is preliminary, it attempts to provide insights into the supply chain configuration of social enterprise. The decision-making framework can be extended in the future and validated using primary data from case studies. We aim at validating these three types through multiple case-study designs and understanding the relationship between supply chain configuration and supply chain surplus. The validations will help us assess the impact of social enterprise, considering supply chain surplus as representative of social impact.

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Chapter 9

Female in Indigenous Entrepreneurship: Inquiring Family Dimension



Satyajit Majumdar and Jackson Khumukcham

9.1 Introduction

Entrepreneurial activities among the indigenous community have been coming down from generation to generation with the involvement of the family. The entrepreneurial activities that are initiated by indigenous community for the benefit of their community by incorporating indigenous knowledge and using locally available resources falls under the category of indigenous entrepreneurship. Indigenous entrepreneurship generally take place within a particular cultural context (Maphosa 1998). It is generally a form of self-employment (Dana 2007) with the involvement of stakeholders like entrepreneur's family and extended family (Lindsay 2005). In its scarce state, indigenous entrepreneurship as a subset of the broader entrepreneurship research (Peredo et al. 2004) propagated family as an important dimension in business or entrepreneurial venture (See: Rønning 2007) that organises around family or kin (Cahn 2008). In fact, indigenous entrepreneurship as a field of research recognises the significance of family in entrepreneurship (Anderson et al. 2005), where family plays a key role in explaining the entrepreneurial experience (Aldrich and Cliff 2003; Jennings and McDougald 2007), and its relationship is (generally) inextricably intertwined and cannot be separated completely (Jennings and McDougald 2007). In other words, it would be hard to find any business without some sort of family influence and involvement (Meek 2010). From this parlance, it is indicated to pay attention to family consideration within the entrepreneurship research domain (See: Meek 2010) through reframing the activities of entrepreneurs within the context

S. Majumdar (✉)

School of Management and Labour Studies, Centre for Social Entrepreneurship, Tata Institute of Social Sciences, Mumbai, Maharashtra, India
e-mail: satyajit@tiss.edu

J. Khumukcham

Mahatma Gandhi Academy of Human Development, Tata Institute of Social Sciences, Nagaland Centre, ImNagalandphal, India
e-mail: jacksonkhumukcham@gmail.com

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of the family (See: Jennings and McDougald 2007) without which understanding indigenous entrepreneurship is incomplete. Such propagation permit to consider family embeddedness perspective that “researchers need to include family dimensions in their conceptualising and modeling, their sampling and analyzing, and their interpretations and implications” (Aldrich and Cliff 2003:574).

Within the purview of family consideration, nevertheless, the main concern of this chapter is an attempt to bring into notice the difficulties and dilemmas faced by female entrepreneurs in their family with balancing their business. For this research, female entrepreneur is referring to those female members of indigenous community that involved in entrepreneurial activities by incorporating indigenous knowledge (that include skill) and exploit locally available resources. They are also can refer to a self-employed entrepreneur who involved in the production process as well as sells their products in the market. Such issues cannot be overlooked due to the very nature of the role of family cohesiveness in the entrepreneurial process is complex and multidimensional where some families may be supportive or not supportive in business (Edelman et al. 2016). It is the fact that female entrepreneurs are (still) expected to be the primary nurturer and caregiver in the family balancing the greater household demand/housework and childcare (Eddleston and Powell 2012). Besides, evidence is there about the prevalence of conflict in women’s experience within the family and managing business (See: Jennings and McDougald 2007). On top of that, literature revealed the difficulties faced by single mother entrepreneurs compared to normal parents (See: Ismail et al. 2016). To sum up, as the “study of women and entrepreneurship is still emergent; thus, what is of primary interest is how women entrepreneurs perceive, cope with and make sense of their experiences” (Green and Cohen 1995 as in McKay 2001:148). From this juncture, this research attempts to address: How female entrepreneurs adjust and cope with the demands of family responsibilities and business? and how they manage to deal with the supportive and unsupportive nature of their family behaviour?

To progress in addressing research questions, the following section will explore the boundary of the existing literature within the domain of family and entrepreneurship. Then, an attempt is made to carve a feasible conceptual framework taking the direction from existing suitable models and theories. Further, by giving a road map of methodology and its execution, the chapter ends with analysis, discussion and conclusion section.

9.2 Literature Review: Setting the Boundaries

A relevant literature review is made on the existing literature in and around the area of female entrepreneurship, family and entrepreneurship/business and indigenous entrepreneurship. The literature on examining the intersection between family and entrepreneurship is found to be very few (See: Meek 2010). Authors like Dyer and Handler (1994) emphasised the role of family as the locus of emotional and social support in the form of “bonding social capital” or “internal “strong ties””.

Many authors took interest in highlighting the importance of family members in entrepreneurial networks and the impact of family support on entrepreneurs (See: Anderson et al. 2005; Edelman et al. 2016). Giving focus to family influence, Anderson et al. (2005) examined the influence of family upon entrepreneurial businesses through utilising theoretical concepts of the entrepreneurial network especially on the role of family members in the sets of social relationships. Similarly, Dyer and Handler (1994) explores the dimension of family influence on an entrepreneur's career where they identified the intersection points of family and entrepreneurial dynamics in terms of positive and negative association perspectives. From the dimension of social support, Edelman et al. (2016) used the social support perspective to see the association of entrepreneurial start-up activities with instrumental family support, financial and social capital. Meek (2010) studied to understand family member support in an entrepreneurial entry. Giving emphasis on the intersection of family (business) and entrepreneurship offers an interesting context to study how family dynamics impact the entrepreneurial process. Meek extended instigation on family members' support for an entrepreneurial venture that affects the entrepreneur's decision to enter, continue or exit in an entrepreneurial venture. In a similar line, Pant (2015) studied the role of the family in entrepreneurship development where he found that family background impacts the people to become entrepreneurs. Some authors focus on family support on women entrepreneurs, like Imbaya (2012) in examining the extent to which family support affecting the performance of women in Micro- and Small-Scale Enterprises (MSE) posited that the individual capabilities of women and the support women receive from their family have a significant impact on their performance. Apart from it, many authors/scholars take interest in exploring gender perspective and business–family interface in the context of a balanced work environment, showing social significance and capturing realities of entrepreneurs' experiences and challenges. Welsh and Kaciak (2018) by identifying the lacuna in the existing literature in female entrepreneurship, introduce a new conceptual model of women's entrepreneurship that involves relationships between business–family interface and firm performance. By testing data from various countries around the world (including Asia), they realised contextual differences depend upon the country's context. Eddleston and Powell (2012) examined positive facets of entrepreneurs' family experiences, family-to-business enrichment, and support, nurture satisfaction with work–family balance. They depicted entrepreneurship as a gendered process, through series of discourse with feminist theories and prompts about differences in family nurtures work–family balance between female and male entrepreneurs. In a similar line, Jennings and McDougald (2007) developed an illustrative conceptual model to demonstrate the benefits that can be gained from integrating work–family interface (WFI) and mechanisms into entrepreneurship theory and research where they confirmed that WFI experiences and strategies can have both detrimental and beneficial outcomes.

Furthermore, literature in the domain of indigenous entrepreneurship are found to start from scratch where many authors recognise as an emerging field of research and many assert to have a globally relevant research paradigm (Hindle and Landsdowne 2007). Some authors are found to develop their work on cultural and social aspects that create a unique style of entrepreneurship, which are often community-orientated (e.g. Cahn 2008; Ndemo 2007; Dana 2007; Lars 2007) and some on social embeddedness (e.g. Curry 2007; Anderson et al. 2007; Farrelly 2010). The literature regarding

women's position in the indigenous entrepreneurship highlighted women's participation by comparison between males and females in entrepreneurial activities. Osinubi (2007) examines the participation of women in a market where they posited that women lag behind their male counterparts due to traditional constraints (including household and family responsibilities). Joks (2007) studied women's position in entrepreneurial activities where they found that women got a less important role in the business activities but participate in earning income. Many studies are also found to understand the role of family in the indigenous entrepreneurship domain. Mention may be made of Cahn's (2008) propagation that indigenous entrepreneurship provides cash outcome, as well as cultural and social based outcomes that are intangible, which aspire their families too. Foley and O'Connor (2013) investigated social capital and the networking practices of indigenous entrepreneurs where they found that the underlying social capital dimensions are unique to their cultural context. They asserted that indigenous entrepreneurs draw upon internal and external network ties that are related to the historical and cultural influence on social capital.

Despite the fact of the emerging trend in literature that focuses on family involvement in entrepreneurial experiences (Eddleston and Powell 2012), the role of family influence in (new) business is often overshadowed or not addressed at all (Aldrich and Cliff 2003; Meek 2010). Eventually, the domain of entrepreneurship research is bombarded with criticism for neglecting and exhibiting inadequate accounts of business owners' actual experiences and challenges (Jennings and McDougald 2007). Furthermore, the existing literature confine in the context of either business firm or enterprises and most of the discussion are deemed to have the comparison of a female entrepreneur with a male entrepreneur. There is no such literature that attempt to understand the role of family from the individual perspective and through the ethnography approach. Besides, literature in the indigenous entrepreneurship domain overshadowed to examine the unit of family due to taken for granted its characteristics of social embeddedness. Overall, it can be derived that there is lack of literature that address to understand the positive and negative aspect of family from the indigenous entrepreneurship point of view. Finally, as entrepreneurship is heterogeneous and contextual, there is a lack of literature that reveals the dimension of family in the indigenous community especially in the pottery community of Northeastern state of India, Manipur. In simple words, none of the literature provide the experience of a female entrepreneur of the indigenous community concerning the difficulties and dilemmas faced in balancing their family with entrepreneurial activities. The purpose of this research is to fill this gap and contribute academically in this research domain.

9.3 Conceptual Framework

For carving the conceptual framework, discussion of theory and model is used to take guidance and enhance the discourse in this chapter. Because, even in ethnographic research approach, it cannot be conducted successfully without having underlying

theory or model which helps in defining the problem of research and how to tackle it (See: Fetterman 2010). Such an approach may equip the researcher (ethnographer) to edify the various theories and enhance with local knowledge gained from the site that leads to formulating analytical perspective of the research (Wilson and Chaddha 2009). However, it must be noted that there is no single and universal model to envisage and consider for understanding female entrepreneurship (Welsh and Kaciak 2018). The increasing recognition of the significance of family matters to entrepreneurship has its roots in theoretical developments concerning the socio-cultural context of entrepreneurship (Anderson et al. 2005). Considering the prevalence of strong gender bias towards women in this domain, especially in the developing world (Imbaya 2012), it is not an easy task for them to balance the needs of both the family and the business (Dyer and Handler 1994). Specially, in the career of women entrepreneurs, work and family are intertwined areas of life (Jennings and McDougald 2007; Welsh and Kaciak 2018), and they are unable to separate the role of work and family (See: Jennings and McDougald 2007). To give meaning and to such a situation, many authors (e.g. Njeru and Njoka 1998; Dyer and Handler 1994; Jennings and McDougald 2007; Imbaya 2012; Eddleston and Powell 2012) come in front picture. From them, it is learned that socially constructed authority model positions woman in secondary positions (Njeru and Njoka 1998), which make them (women entrepreneur) to orient towards their families in such a way that they have to cope with the needs of work and family affair (Dyer and Handler 1994). In a similar line, Jennings and McDougald (2007) propagated that women entrepreneur (women business owner) tempt to cope with their multiple role responsibilities and respond to all demands generally by putting in “double workdays” (comprising both household duties and business ownership responsibilities) and act as if they are “acrobats” (striving to meet all work and family role commitments). As a circumstance, Imbaya (2012) asserted that due to family and household responsibility, women entrepreneurs limit to operate most often home-based businesses. Considering such a situation, Imbaya polarised the need for support from the family members (especially, support of their husband) to make the business successful. Similarly, authors like Dyer and Handler (1994) emphasised about the family role as a support for the entrepreneur (by providing labour and other resources) and provide a safe haven for starting a new business. However, in contrast to it, they indicated that family can also prove to be an obstacle. In congruent to it, Eddleston and Powell (2012) also hinted about the unsupportive behaviour of family members (like withhold all forms of social support or refrain from offering feedback, advice or assistance with either the business or the household).

In the perspective of *gender within* the context of entrepreneurship, Marlow and Patton (2005) asserted that entrepreneurship in itself is a gendered process where entrepreneurial roles are linked to the gender processes that shape individuals’ assumptions like: how females and males should behave? (as in Eddleston and Powell 2012). For instance, childcare and household responsibility are considered to be women’s role (Imbaya 2012). Eddleston and Powell (2012) in their work to understand entrepreneurs’ work–family balance from gender perspective attempt to showcase the positive side of gender roles. Their discourse on existing literature

revealed that gender role encourages and enhances women in their experiences of work–family balance. Women entrepreneurs have the tendency to have greater family demands and responsibilities and possesses femininity quality, which make them take a more holistic approach. That is why they tend to view their businesses as cooperative networks of relationships that are integrated with their family and personal relationships. Furthermore, Eddleston and Powell extend their work on theories of *work–family enrichment* (that originate with role theories). Their discourse propelled that the family domain may serve as a training ground for women by preparing them to interact with customers. It may occur in two directions: ‘work to family’ and ‘family to work’. Family-to-business enrichment occurs when resources generated in the family domain are applied in the business domain (benefits the business domain). It may play an important role in nurturing entrepreneurs’ work–family balance. Referring to the work of Greenhaus and Powell (2006) identified affective and instrumental components of family-to-work enrichment. Individuals experience affective family-to-work enrichment when they transfer positive affect (e.g. positive mood or happiness) from the family domain to the work domain. Whereas, instrumental family-to-work enrichment is experienced when they are able to transfer skills and behaviours (e.g. being supportive) that is acquired or nurtured in the family domain to the work domain.

There is also a need to propagate the importance of *social support from the family side* in entrepreneurship (specially task-related). Such support makes the entrepreneur motivated to succeed in business by knowing that their family is behind their entrepreneurial efforts and, ultimately, helps the entrepreneur achieve a sense of work–family balance (Eddleston and Powell 2012). Social support can be seen from two dimensions i.e. emotional support and instrumental support (Edelman et al. 2016). Stretching on social support, Eddleston and Powell (2012) propagated that emotional support includes behaviours that provide encouragement, understanding, attention and positive regard, whereas instrumental support includes behaviour such as assistance in problem-solving and other types of assistance that facilitate an individual’s participation in other domains. Further, their discourses divulge that those entrepreneurs who receive support from family members perform more effectively and feel less tension (in their work). Besides, family members who provide instrumental support at home assume that their fair share or the bulk of household responsibilities makes the entrepreneur focus on business. There is empirical evidence of female entrepreneurs experiencing benefits from both instrumental and affective family enrichment and support (See: Powell and Eddleston 2013). However, entrepreneurs’ satisfactions with work–family balance through family role are likely to differ (Eddleston and Powell 2012) according to the characteristics and cohesiveness of the entrepreneur’s family.

Moreover, the role demands of a business woman to exhibit the same degree of commitment as any man, at the same time to give priority to their family roles face *work-family conflict* (Imbaya 2012). In line with this, Jennings and McDougald (2007) found to be skeptical about gender roles and provided the issue that arises from work-family conflict. From their discussion with existing literature, they highlighted that female entrepreneurs are likely to experience family-to-work interference or family-to-work conflict that leads to: psychological stress (which can interrupt business growth); time-based and strain-based conflict (e.g. more time to deal with family responsibilities, less time available for business); women continue to face

greater household time demands; the presence of young children have a significant negative effect; and parental status has a stronger impact on the role overload, stress and depression levels. However, some authors hinted that work–family conflict may have a positive effect/outcome on the performance of female entrepreneurs (like better at multitasking which they have practices at home transfer into the business domain) with greater confidence (Welsh and Kaciak 2018). In congruent to it, Jennings and McDougald (2007) revealed some positive outcomes in the work domain like improvement in managerial skills and job performance; and provoke individuals to engage in coping efforts designed to restore well-being. Similarly, Welsh and Kaciak (2018) referring to (Shelton 2006) showed a positive dimension by giving importance to mediating role of work–family management strategies (e.g. spouse support, financial resources and internal family salience) on the performance of women-owned ventures.

Last, but not least, cohesiveness must also be taken into consideration to view this research. In consonance with Eddleston and Powell (2012), moral obligation to support family members is borne by cohesion (increases solidarity, emotional support and loyalty towards family members). Such an obligation leads to exhibit about getting access to resources generally below-market rates and accelerate organising activities in order to reciprocate the social and financial support offered by family members.

Considering the above discourse with various models and theory-oriented literature, the next section will direct towards understanding the research site by advocating methodology applied and how the data is collected and analysed.

9.4 Methodology

Considering the central domain of this research that falls under the purview of indigenous entrepreneurship which is very contextual and socio-culturally embedded, “ethnographic research approach” is adopted. It is convinced due to its potential to enhance the understanding of indigenous field setting and defining their identity (LeCompte 2002) in which the economic activities are carried out (Myers 1999). It is consider to be the most appropriate approach in recording entrepreneurship experiences of indigenous people in their own words, with minimal cultural bias (Dana 1995). This fieldwork is a part of the data collection of the researcher’s Ph.D. work. During the whole span of fieldwork duration of around 6 months (from May 2016 to October 2016), rather than going with the motive to collect the data by identifying respondent in the beginning, the researcher as an ethnographer is directed more by the suitability of the site which was chosen to study. Taking advantage of the flexibility of the ethnographic approach, the researcher gives importance to focus on the suitable area for data collection. Access to the site was made through the help and support of gatekeeper (and informant), a youth from the Andro village who takes interest in learning traditional Andro pot making. He is apprentice in learning traditional Andro

pottery from one of the renowned traditional potter of Andro. The Santhei market-place is located on the street towards the Santhei Natural Park inside the village. This park is known for its natural beauty that attracts thousands of tourists (visitors). The visitors to this park are the one who buys varieties of modern pottery products from the shop at Santhei. For doing participatory observation, the researcher started to spend time at the Santhei Market place where modern earthen pottery products are sold. By doing such exercise, the researcher becomes a part of the situation being studied (See: Sanday 1979). With that, after a week, the researcher started to enter the pottery shop and used to sit for a whole day and have a casual conversation which sometimes fall in the research area and sometimes on random topics. By doing this, after gaining confidence to interact with them, the researcher informed the business owners about scheduling time for an interview. Data collection was conducted through employing open-ended interviews. For this paper, the primary respondent can be a count of 8 (potters) self-employed entrepreneurs who make and sell their own pottery products at the Santhei Park. However, as the fieldwork was conducted as a part of Ph.D. research, other respondents perspective and view are also counted as secondary respondents from whom relevant data have been obtained for this chapter. They include: (i). 10 women potters who are still engaged in the making and selling of Andro traditional pot; (ii). Volunteers: Four active volunteers who are actively involved in maintaining Santhei Natural Park; (iii). Village Chief: Present Andro Village chief who sanctioned land for constructing Santhei Natural Park, and he has witnessed the formation and transformation of the Andro pottery business. However, in this chapter, there will be no distinction made between the nomenclature of business owners and self employed entrepreneur.¹ Taking consent from the respondent and confidentiality was the primary concern. Using the emic approach, the researcher attempts to understand the underlying structures of culture from within (Harris 1976). Data analysis was conducted through manual transcription from Manipuri language to English. Through rechecking the data from field notes, observations and informal interviews developed thematic themes and sub-themes using spreadsheet. From such emerging themes, those relevant narrations are picked and used in the analysis section of this chapter. The data is analysed using the narrative style of writing.

9.5 Understanding the Site and Context

Andro is one of the oldest pot-making community of Manipur. The reason for selecting Andro village as a site for the study is because among the various indigenous community of the Northeastern part of India, they have rich traditional pottery skill which has been sustaining since the time immemorial, and now it has been one of the successful entrepreneurship model in creating demand of traditional pottery and modern design pottery with indigenous touch. However, little is known about their entrepreneurial activities. The Andro village is near the Nonmaiing/Nongmaiching hill, one of the highest hills in Manipur. The village is about 2700 ft above sea level

¹Given the blurred line between these two categories as they apply the women interviews, no distinction will be made between entrepreneurs and small business owners for this paper (Caputo and Dolinsky 1998: 150).

with around 2994.53 acres landmass. It is 27 kms far from Imphal city. The soil of the village is alluvial, clayey and loamy thick soil. The tradition of Andro pot making is as old as the formation of the village of Andro. Some said, it was there since civilization, and some said since the beginning of the creation of humankind, this tradition has been passed down from generation to generation. The help and assist in the entrepreneurial process of Andro pottery from the family side is not a recent trend. Traditionally, married women or the aged women of the Andro community have been making traditional pots for the community and family consumption. The largest sector for the consumption of traditional pottery was rice wine brewing. It is reported that in one go, around 25–30 earthen pots used to sale. During those days, the daughter-in-law and children (mostly the female) of the family used to help their mother or mother-in-law mostly in the production process. There have been proud feelings by the family that a skillful person who can make pot within a family is one of their assets. A major advantage of those families who has a skilled person (in terms of pottery) was that they do not need to buy traditional Andro pot from others for either to use in rice wine brewing or family consumption. With the passage of time, making traditional pots from home and selling from home as a marketplace started to replace the modern pottery maker and its products. The reason is the entry of modern pottery knowledge in the village. There were a series of workshops and skill development programmes conducted by various non-profit agencies from time to time. The oldest agency is the Andro Panam Ningthou Pottery Co-op. Society Ltd. Established in 1989. Then after this, another non-profit initiative the Andro Cultural Heritage Complex, established in 1993. It is popularly known as Mutua Bahadur Museum by the locals. The last one is the NGO called Crafts and Social Development Organization (CSDO) during the year 2010, which started to work in the Andro village since 1993–1994, before the center was established. In 2007, this NGO with aid from the Government constructed Common Facility Center (CFC) for the traditional potter. The above-mentioned agencies started to bring in training programmes and skill development workshops, which are mostly hosted by experts from the Ministry of handicraft and textile and also from the National Institute of Design.

Even those traditional potters who were sticking to making traditional pots started to compromise slowly with the modern pottery, and by understanding the market opportunity, they also started to make modern design pottery products with traditional pottery. From traditional potters to the youngsters of the village, everyone is attracted towards the modern pottery product and most of them started to open pottery shops at the Santhei Park Street of the village. With the coming of the trend to open pottery shop, the management of potters to make pots and sell as well as managing household work/chores becomes difficult and complicated among female entrepreneurs. Among the self-employed potters who make modern pot and sell (also use as self-employed entrepreneur in this research) at the Santhei park, some potters who get help from family members are found to perform their business differently when compared to those who do not have family member' support. However, for Andro pottery, it is difficult to separate the involvement of family from this occupation and the way where family member help or assist in the pottery making and its process. It is not that the help or assistant in pottery making is the recent trend. It has been there in the old days also. Before modern pottery was introduced to Andro village, the married women or the aged women used to make a traditional pot with the involvement of

family member. During that time also, the daughter-in-law and the children (mostly the female child) of the potter used to help their mother or mother-in-law. Within the family, the female member of the family assists in the pottery process more than the male member.

9.6 Major Findings

Considering the context given above, in this section, some of the major findings which are suitable to address the question are narrated. As women entrepreneurs are a diverse and complex group with varied backgrounds, circumstances and worldview (Green and Cohen 1995 as in McKay 2001), findings are distributed according to the themes which are identified during data analysis.

9.6.1 *Family in Production Process*

Andro village as a tradition, the clay which is used in pot making are taken from the place called “Leitan Pekpham” and the tempering material (small stone debris), locally known as ‘Leichreng’ which are used to mix with the clay are taken from the place called “Nungjren Pekpham”. For the traditional pottery, the clay are collected from Leitan Pekpham. But, for the modern pottery production, potters can take clay from the either Leitan Pekpham or can collect it from their agricultural field or pond also. The stone debris before it gets mixed have to go through a process of winnowing. And then, both the refined clay and refined stone debris will mix together to get a good quality mixture of raw material which will be used in making varieties of products. When the potter goes for collecting clay and stone debris, it is found that they get help from their family members especially from daughter and daughter-in-law. One of the modern potters, who make modern pottery products by herself and also sell at the retail store of Santhei Natural Park, said:

In the production process, my daughter and daughter-in-law help me. What they are helping is in taking raw materials, and grinding the clay.

After the process of cleaning and mixing the raw materials, a dough of fine quality is ready for making the pottery products. By getting refined dough of clay mixture, the potter makes different types of traditional pots as well as modern items like tortoise, tree, bird, animal and candle stand, etc. As most of the products are used for decorative purposes or use for showcase, they are concerned about making the product more attractive, with a clean surface and smoothness. For this, a finishing touch is required. In this regards, the potter added that:

After making the product like tortoise by me, they will help in polishing the finished one and then put graphic on the surface. Like this, they help me out.

Besides, it is found that indirectly also, the help and support given by family members become a push factor for pottery business and contribute to success. Whatever the cooperation and help they get become a relief and unbound from family

responsibilities which give a boost in the production process and business affairs. In this regards, one of the modern potter, who used to make traditional pots but now shifted to making modern pottery occupation said:

I have a daughter-in-law and grandchildren also. Now I am not much involved in household work. For me, what I am doing is selling the modern pottery products at Santhei store and when returning home, I will make the earthen products. About food and all, my daughter in-law and grandchildren will look after. So, for me after returning from here (pottery shop), I will take bath and if the dinner is not ready, by that time I will start making small earthen items. I make products up to 9–10 pm at night and then go to sleep.

Even family member's relationship are found to play an important role in the pottery business. For instance: it is found that from the same family, two sisters who got married and parted away to different families are helping each other in pottery production. As the Andro village is small, these sisters who got married are staying in reachable distance within the same village. They also help each other for collecting raw material to making the products. But it is not that they do it compulsorily, they do it when they get time to come together. There are also days where they have their own work and are not able to come up.

9.6.2 Substitution in Shop

Substitution is dominantly found in the modern pottery business, at Santhei pottery retail store. However, there is evidence of substitution in traditional pottery mostly for those potters who work from home. For instance: when the potter needs to participate in cultural or social ceremonies; and when there is a need to go outside the village (like to Imphal) due to personal work. Many of the potters in order to keep more varieties at their retail store (shop), apart from making in off time, they keep on making pottery products during those time where visitors are coming in less number. From their day to day experiences, they have developed the knowledge that on which day visitors will turn up in high number and which day very less. On the day when the visitors will turn up in less number, they utilise such time by making more products. In such a case, the potter makes their daughter and/or daughter-in-law to go to the shop and substitute. In this regard, during a joint discussion with two of the potters, one who makes modern pots and have a shop at Santhei Park, and another one, who makes traditional pots as well as modern pottery products and have a shop at the Santhei park said that:

Potter 1: As ours is to make by self and to sell by self. During pot making, sometime when I could not able to go to the shop, then I send my daughter or daughter-in-law to the shop and make them to sell the product. I make them to substitute sometime like that. Potter 2: For me also, my daughter-in-law and daughter do substitute in going to the shop. I utilised such time in making pot and my daughter-in-law go to shop to sell.

There are days where potters have to engage in social ceremonies and personal work. Sometimes there are situation which comes up that they have to attend, ritual

ceremonies like: attending marriage ceremony or death ritual ceremony, and in such cases, family members look after the shop. Even, as a part of their culture, for attending such a ceremony, a representative elder from a house is more worthy than sending their children. So, in such case, the potter has to leave the store. One of the potters who have a daughter and daughter-in-law to help her said:

Sometimes, there are days where some ceremony and ritual program brought in the village and outside the village. As my young children are not allowed to go for participating in such ceremonies, I have to go for that ceremony by compromising the store. In such time, when I am not able to go to the store, I send my daughter and daughter-in-law to the store and make them to sell the products. In that way, I make them to substitute sometimes.

Apart from ritual ceremonies, if any work comes up to go to the main city for personal purpose or going to a relative house who stay inside/outside the village, in such cases also, potters make their children look after the shop. However, it totally depends upon the number of visitors to turn up. One of the modern potters who has experience in substituting their children when she had unavoidable work said:

When there is time where people are going to come in good number and I have work somewhere. Then my daughter and daughter-in-law will go to the stall for substitution.

Not every time when the potter is going out they make their children look after the shop. As they have the knowledge of day and time of turn up for visitors, those days where they are confirmed that visitor is not going to turn up in good number. Even their children also do not come to the shop. But, on those days where very few numbers of people are going to come. Then, even though the potter goes out of the village for another work, the family members are not required for substitution. And on those days where people are going to come in good number like in festive season, they do not miss the opportunity to open the shop. Festive seasons like Holi, Rath Yatra, and other state festivals like State New Year (Cheiraoba) are some of the biggest time where visitors are coming with highest numbers. It is found that the family members substitution depends upon the arrival of visitors during such festive season. The businesswomen are aware that customers are going to come in high number on the special or occasion, then in such situation, they are found to take help from the family members. In normal days, at Santhei Park, the amounts of visitors coming to the Park depend on the weekdays. On weekend like Saturday and Sunday, considered to be the busiest day.

9.6.3 Managing Family with Business: Multitasking

Many women potters who are with their pottery business and making products are not spared from household responsibilities/activities. It is found that the responsibilities are done by managing pottery production and business timing like: cleaning the house and cooking food with making the pottery products and then going to open the pottery shop. For most of them, still major tasks and responsibilities are of household

work and due to its compulsive, the potter face problem at multiple levels. Above that, due to lack of potential family members in the house that are able to assist in either household responsibilities or pottery making, potters are facing challenges in balancing with their own business. One of the modern potter, who is managing family responsibility with pottery business and there are only aged in-laws in her house who are not able to help her out said:

I wake up very early by around 2–3 am morning and then will start to do household work. Then, will cook food. After doing all the household work and cleaning the utensil of the morning meal, I will come up to Santhei.

There are women potters who have school-going children. Apart from the pottery business and looking after family needs, managing kids is also one of the compulsive tasks which they have to perform. One of the modern potters, who has school-going children and have to manage most of the household work due to lack of her husband assistance as he is busy everyday in opening hotel at the local market, said:

For me, I have to do everything. In morning, I will do household work and then will make my children ready for school. For night also, I have to do all the household responsibility.

Furthermore, those who are staying with in-laws and in a joint family have more burdens of family responsibilities. Even though they are family members, it does not guarantee that they will be getting any input and help in their business from them. One of the potters who is staying with in-laws in a joint family said:

Father in law is still alive, but I don't have mother-in-law. As mother-in-law passed away, most of the family responsibility is done by me. I will come up to shop and then go back to home to manage family work. Such up and down is a routine for everyday. By doing this, sometime there are times where dinner is late due to returning late from the Santhei. Besides, as I am staying in jointly with father-in-law, I am engage in giving care and service to him.

Besides, there is some women potter who manages household responsibilities with two or more different occupation like pottery and rice wine brewing with family responsibilities. For instance, As Andro is famous for brewing rice wine also. The villager's first choice of occupation always gives to rice brewing and then pottery. However, they are also entangling with performing household/family responsibilities. For them, they cook food in time and also do all the family work in time. They manage to cook wine and manage to make pottery products. And when the time comes, they start to cook food for the family. Their challenge is on a different level to the above said cases.

9.6.4 Cooperation and Help from Husband

As that of the earlier days, even today, women potters with the help and cooperation of family member are making modern design pottery products and sale. There is no such trend found where any family member especially from husband to stops/restricts the women potter from producing pottery product and doing business at Santhei Park

street. One of the modern potter, who make and sale modern design pottery product at the Santhei Park said:

No....There is no such objection from my husband in doing business on pottery at Santhei. At present also, I have been selling modern pottery products at Santhei. He do not say anything.

The cooperation and help from husband to the women potter not only limited to allowing to do business at the Santhei pottery shop. It is found that they help in dropping at the marketplace and after the day got over picking them up from the shop. In this concern, one of the modern potters who get help from her husband in doing pottery business said:

He comes to take me home every day by vehicle. When I get late also he comes to take me.

In a similar line, expressing the type of cooperation and help they get in terms of logistic arrangements and building of business infrastructure, one of the modern potters whose husband passed away; recalling the contribution and cooperation given by her husband she said:

When he was alive, he made this shop. He also helps me a lot in doing pottery business. Bringing the products and taking back etc., are some of the help he provided to me.

In this village, pottery occupation and rice wine brewing are considered to be the best occupation after agriculture. As mentioned above, some of the modern potters who are opening shops at Santhei Park are engaging in multitasking occupations like rice brewing and pottery with balancing family responsibilities. In this regard, one of the modern potters who brew rice wine and also make modern pottery and sell the products said:

When I was making pot, he (her husband) was looking after the wine cooking and arranges fire for wine cooking.

However, apart from getting help in the business sphere, there are cases where family responsibilities are shared between husband and wife. Such sharing gives them partial relief in terms of family workload. For them, morning responsibilities like cooking food and cleaning the house are shared between them. Like, for example: in the morning, potter comes to the Santhei Park to open their shop after cooking the morning meal. When they return late from Santhei, their husband prepare food for them. Such sharing of responsibilities is also found in the responsibilities like engaging in taking care of kitchen garden and agricultural work.

9.6.5 Lack of Family Member and Challenges

Many potters in Andro village face multiple problems and challenges due to family situations and circumstances in day-to-day life. Even though they wanted to produce (more) pottery items, the challenges from their family environment do not permit them to do easily. On top of that, for those who are living in a nuclear family or with

single mother/widow, they mostly lack support from the family. One of the modern potters, who have the skill to make pottery product narrated about the challenge she faced in producing pottery products:

I always think to make by self and sale the product. But as I don't have anybody to help me, I have to manage my child for school in early morning. Then to manage household work and then will check the kitchen garden and will go to search for fuel wood. By doing this I don't get time to make the products and sometime it is hard to open the shop.

Due to such situation, most of the modern potter are started to depend upon the suppliers for putting varieties of products in their shop. In the same line, one of the modern potters who know the skill of making pottery products but due to family circumstances she is not able to engage in production activity said:

I don't have family members. That is why, I buy from others. I don't have free time to make.

Not only in the production activity but in the business affairs also they face many challenges. For instance, due to unavoidable situation of the family, the help or support which was gain from the family member got withdrawn. Regarding this, one of the modern potters who were looking very tense during the interview due to her family condition said:

This time my husband got sick. So, I had to do most of the work alone. It was very pathetic and tiring. That is why; I am not able to come up at the Santhei. Today, I am coming. From tomorrow, I am not going to come again.

Furthermore, for potters (businesswomen), their pregnancy and child-rearing is one of the big obstacles for doing business independently. Many of them quit business as it becomes out of their control and management. One of the modern potters who has three children, she was one among those potters who started to open shop at the Santhei park. After she got married, she quit coming to the shop and even her husband does not cooperate also. Explaining the reason for her quitting she said:

The reason of irregularity in doing business and coming to shop at Santhei is due to my children. All my three children are small and there is nobody to take care and look after them. When I come to the shop, there is pending of many household work, as in house, there is nobody to help me. So, I stop to come at Santhei.

The challenges are more complicated for those business owners whose husband passed away and single-handedly taking care of the family and children. For example, narration can be made of a case of a widow, who is a modern potter and staying with her two (male) children. After her husband passed away, her in-laws do not look after her and her children too. For survival, she comes out of the house and joined the pottery business. However, according to her, as her husband is no more, she also faced societal stigma as she said: "Nupa Leite Haina, Mise Yamna Ushitte" Meaning: as I do not have husband, people do not respect me. Besides, in such circumstance, having small children add extra burden to her in managing family with pottery business. And there is also potter who is single mother and do not have anyone to help in the family as well as in substituting the shop while she have any other personal engagement.

9.7 Discussion and Conclusions

The study showed that those who get support from family members achieved growth in business affairs. And on the other hand, those who do not get help from family member or do not have family member produce the products at a very low rate and sometimes very irregular in production leading to stagnation of the business. This study confirm that family plays an important role of social support (Edelman et al. 2016). The overall research propelled in understanding family and entrepreneurship association, and highlighted the need for a multidimensional view of relevant theory and models. One cannot only be limit towards looking at the role of family towards the business, but need to expand the horizon to understand the interdependency that builds between the family and the entrepreneur in terms of entrepreneurial activities and family sphere. Among the potters (women entrepreneurs) of Andro pottery, there is prevalent obligations on both work and family that create conflict, which is relevant with (Dyer 1992). However, the work of Dzisi (2008) contradict with this research context, due to the recognition and honour on women entrepreneur on their earning by family members especially children and spouses in the Andro village. This research is congruence with the proposition of Dyer and Handler (1994) referring to Goffee and Sease's (1985) indicated that female self-employed entrepreneurs who have no family members to assist are not able to function freely and take care of the business affairs and those who get help get positive impact. In other words, the research confirmed by Meek (2010) that family support has a positive impact on entrepreneurship. For example, instrumental support at home significantly and positively leads to satisfaction with work–family balance (Eddleston and Powell 2012). However, the presence of family members in the family does not guarantee that it will always associate positively (See: Edelman et al. 2016). From this research parlance, the non-flexibility and independence of the women entrepreneurs do not match with Dyer and Handler's (1994) prediction. This research does not hold to agree with Imbaya (2012) supposition that married women may not want to discuss their businesses with their spouses due to fear of circumstance like withdraw from support. From the purview of propagation made by Welsh and Kaciak (2018), this study rather than having negative perception, the family member and even spouses of female entrepreneur perceived positively about the business which enhances the level of the family support. It also confirmed Imbaya (2012) about the positive relationship between spouse contribution and success of the entrepreneurial activity. Regarding the enrichment, among the Andro pottery entrepreneur, family-to-business enrichment is not only the factor of work–family balance (Eddleston and Powell 2012), but previous experience of multitasking in another occupation (like rice wine brewing) before joining the pottery business must also count as a factor. About utilisation of free time by the women entrepreneur cannot be limit to the Imbaya (2012) finding of engaging in domestic and family chores only. In this research context, free time at home is given for manufacturing the product while the family members are helping in household affairs. In such a condition, the research upheld Imbaya (2012) suggestion that a family of female entrepreneurs should support their initiative by assisting

both at business and household levels to enable them to exploit their full potential in business. When gender perspective is combined with the entrepreneur and business, a deeper understanding can be revealed with the line of inquiry made by Eddleston and Powell (2012) that depicted entrepreneurship as a gendered process. The research also suggests for a work–family balance environment for the women entrepreneur which failure may lead to Dyer and Handler (1994) supposition about marital conflict, neglect of children, and divorce.

This research is particular to understand the specific ground reality of the indigenous community and their entrepreneurial activities in regards to their norm and custom. The generic sense where author like Kabir et al. (2012) informed that rigid social customs constraints are creating difficulties for women entrepreneur in operating their business. However, this study negates such generic approach because – historically, the underpinning of culture and custom of Andro community allow ‘only female member’ to take part in traditional pottery and earn from this skill. Furthermore, this study instigates the perspectives of cultural lens that is interwoven while understanding family and its relationship with the female entrepreneur as well as their business. Considering the bonding and cohesiveness between family and the female entrepreneur, this study is evidenced to satisfies the argument of Lonning (2003) that entrepreneurship may be a way of preserving a traditional way of life and work (as in Möller 2012). The result of this study unreveal that potter who are engaging in pottery business and making products, even though they do not have restriction or objection from doing pottery business, still have to engage in household responsibilities. The overall research provides a typology of different types of women self-employed entrepreneurs (women business owner) which can be seen in broad categories like: (a) women self-employed entrepreneurs balancing household responsibilities with business sphere; and (b) women self-employed entrepreneurs balancing household responsibilities with multiple (two or more) occupation. The research also showed that where there is a family member available or not, in both cases, either of the situations of supportive and unsupportive behavior exists. The finding instigates to look at the component of gender in terms of their role in the society and family, for future research. There is also scope for doing research on spousal relationship and cooperation on doing business especially from husband to wife. The future research scope also lies in the investigation of productive and unproductive family members.

The involvement of female in entrepreneurial activities cannot be complete without going indepth about their day to day conduct and managing the family. The female entrepreneur and their dealing with family responsibilities pause a question of: whether it is their nature of caring that force them to situate in such situations or is it their braveness that pushes them to deal with the complications of balancing both entrepreneurship and family responsibilities. Or is it due to their culture and custom that makes them tolerate such complex situation to handle both entrepreneurship and household responsibilities? Or is it due to the gender identity that shapes them to behave, including their entrepreneurial roles?, Considering such complex issues, there is a need for mass base awareness creation to create an ecosystem for female entrepreneurs to survive and run smoothly their business. The government and

non government organisations may also take part in this concern. Further research is needed to understand more in-depth about the female entrepreneurs, their role in family and how they support them. From the overall research, it can be derived that family environment and circumstances of the entrepreneur are directly linked with the amount of production and business performance.

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Part III

Innovation

Chapter 10

Community-Based Business Model of Indigenous People: Indigenous Entrepreneurship, Innovation and Value Proposition



Jackson Khumukcham

10.1 Introduction

Entrepreneurial activities initiated by indigenous people are prone to community-based due to its very nature of functioning with the involvement of the community members. In fact, indigenous entrepreneurship is considered generally as the creation, management and development of new ventures by indigenous people for the primary benefit of their own community (Hindle and Lansdowne 2007). It generally takes place within a particular cultural context by incorporating entrepreneurial strategies originating in and controlled by the indigenous community (Lindsay 2005). It is managed and owned by indigenous people themselves who share a common world view in pursuit of their social/cultural self-determination and economic goals (Anderson et al. 2007a, b). In terms of stakeholders, not only the involvement of entrepreneur and the business's entrepreneurial team, but also the entrepreneur's family, extended family and/or the community are involved in the venture creation and development (Lindsay 2005). The collective approach of a group of indigenous people on their entrepreneurship involves a mingling of social, cultural and economic objectives (Anderson et al. 2007a, b) that provide multifaceted benefits for the entrepreneur, their families and the indigenous community as a whole (Lindsay 2005). The concept of market, of course, is not new to indigenous peoples (Nathan et al. 2004). They are found to integrate into a capricious and changing market (Anderson et al. 2008) as per their indigenous knowledge. Generally, transactions often take place in the bazaar and in the informal sector (Dana 2007a, b). Besides, existing literature informed that indigenous entrepreneurship concern about the target customer (See: Osinubi 2007; Dana and Anderson 2007), their (customer's) choices (Lituchy et al. 2007) and make strategies to attract them (Winsa 2007;

J. Khumukcham (✉)

Mahatma Gandhi Academy of Human Development, Tata Institute of Social Sciences, Nagaland Centre, Nagaland, India

e-mail: jacksonkhumukcham@gmail.com

Anderson et al. 2007a, b). Considering the fact that any form of entrepreneurial set up is identified to employ explicitly or implicitly a particular business model (Teece 2010) and are responsible for setting the value they seek to deliver based on their strategies (Hassan 2012): the research is instigated to see how indigenous entrepreneurship functions from the aspects of business model—particularly giving focus to value proposition. This approach is possible due to the fact that business model is a generic concept that can be used for any type of organisation (formal or informal) according to the context (eg. Sommerrock 2010); as well as can originate from many potential sources (Teece 2010) like indigenous knowledge or skill; and are subject to external forces (Saxena et al. 2017) with which they are in touch with. From this conjecture, this research attempt to explore business model of indigenous entrepreneurial activities. Further, it cannot be ignore that business model as a central construct in entrepreneurship research can serve as a focusing device for entrepreneur through the support of value proposition (See: Morris et al. 2005). By value proposition, denotes the satisfaction of needs of the customers (See: Sommerrock 2010; Teece 2010). So, while discussing business model, there should a window to articulate value proposition (Chesbrough and Rosenbloom 2002; Saxena et al. 2017), as well as must incorporate the compelling aspects of the products to the customers (Teece 2010). However, as value propositions vary according to the types of entrepreneurial setup (See: Kaplan and Norton 1996), this study attempt to explore the value proposition of indigenous entrepreneurial setup in its cultural context. Further, as indigenous entrepreneurship functions as an instrument for maintaining cultural values (Berkes and Adhikari 2006); acts as a powerful tool to promote cultural preservation (Mapunda 2007); and even opportunity recognition is culturally influenced (e.g. Dana 2007a, b)—indigenous entrepreneurs in this study is perceived to carry out entrepreneurial activities by incorporating their unique identities, world views and experiences to develop innovative products or services through revitalising indigenous values, culture and traditions (Smith 2015).

The next section will be followed by a literature review on the existing literature in the domain of business model, business model innovation and indigenous entrepreneurship. A contextual background of indigenous entrepreneur, knowledge and innovation is highlighted which is followed by understanding the outline of the intersectional concept of business model, value proposition and innovation. Then, followed by displaying the research context that includes methodology and findings. The chapter is concluded by discussing the result of the empirical findings and concluding with possible suggestions of future scope of research to carry forward in both research and praxis.

10.2 Literature Review

The evidence of business models in traditional businesses and specially in the domain of indigenous entrepreneurship, are vaguely recorded and in many pockets of indigenous regions where entrepreneurial activities are evident, there is no record. However,

in the academic research domain, business model can be traced from the literature of information system and electronic commerce. In practice, the term 'business model' was predominantly coined during the 1990s. Now, the concept is becoming increasingly popular within the information system, management and strategy literature (Hedman and Kalling 2003). Recently, literature that attempt to develop definitions and its boundaries by contextualising to the research areas of the business model are prevalent (e.g. Hedman and Kalling 2003; Zott et al. 2011; Johnson et al. 2008; Morris et al. 2005; Demil and Lecocq 2010). Many authors are found to contribute to developing frameworks to understand the business model in a more comprehensive way (e.g. Johnson et al. 2008; Hedman and Kalling 2003). However, there is a lack of literature that integrate business model, value proposition, innovation and indigenous entrepreneurship. Many authors are found to working in the diverse area of the business model arena, like Zott et al. (2011) attempt to explore the origin of the business model concept and examine it through multiple disciplinary and subject matter lenses. Johnson et al. (2008) focusees on creating business model by focussing on vapluce propositon. He asserted that if the existing profit formula of the business is fulfilling the new customer value proposition using the existing/current key resources and processes, it is not necessary that for the shake of innovating business model, the entrepreneurship look for a new business model. Morris et al. (2005) reviewed existing perspectives on the business model and suggested that business model can serve as a focusing device for entrepreneurs when supported by a set of rules or guidelines (of value proposition). Demil and Lecocq (2010) viewed business model evolution as a fine-tuning process involving voluntary and emergent changes in and between permanently linked core components. Hedman and Kalling (2003) proposes that business model should include customers and competitors, the offering, activities and organisation, resources and factor market interactions. Apart from it, the kinds of literature that are available in and around business model innovation showed a picture of diverse research areas. For instance Chesbrough (2010) by exploring the barriers to business model innovation, asserted that organisations need to identify internal leaders for business model change, in order to deliver a new and better business model for the company. Massa and Tucci's (2013) work affirmed that in the course of most industrial sectors and humanitarian undertakings, there will come a time when the traditional way of creating, delivering, and capturing value is no longer valid, efficient, useful, or profitable. In such moments, organisations that embrace business model innovation will embrace the possibility to reshape industries and possibly change the world. Sosna et al. (2010) emphasised the importance of trial and error learning for business model innovation. They study the antecedents and drivers of business model innovation in dietary products business. Bucherer et al. (2012) investigated similarities and differences between business model and product innovation management by attempting to contribute to a systematic approach to business model innovation that is needed in theory and practice. Besides, some literature incorporates business model with the entrepreneurship domain of research. The authors like George and Bock (2011) by integrating the discourses on business models to emphasise the link between business models and opportunity enactment, mentioned that the study of business models is pertinent to

entrepreneurship research as it tends to examine new ventures or innovation-driven industries. Amit and Zott (2012) emphasised on the business model perspective in structuring the activity systems of the companies. They highlighted that purposeful design and structuring of business models is a key task for entrepreneurs and act as an important source of innovation that helps the company look beyond its traditional sets of partners, competitors and customers. Trimi and Berbegal-Mirabent's (2012) work propagated that usefulness and predictable power of business models have the potential to help entrepreneurs make more informed decisions, thus increasing the chances of success. Furthermore, the literature of business model that falls under the domain of indigenous entrepreneurship is far from intruding in the academic discourse. Only a few authors have attempted to incorporate innovative perspective with indigenous entrepreneurship. For instance: Conway (2011) on promoting indigenous innovation through indigenous entrepreneurship; and Mehta and Mokashi-Punekar (2008) on exploring indigenous innovations for successful commercialisation. So, the existing literature revealed that there is a gap in the literature of business model and its relation with innovation and value proposition within the domain of indigenous entrepreneurship. Hence, this research is an attempt to fill this existing gap.

10.2.1 Indigenous Entrepreneur, Knowledge and Innovation

Indigenous people possess indigenous knowledge as a systematic body of knowledge that is unique to a given community (Onwuegbuzie 2017), as well as to the particular culture (Capel 2014). Indigenous knowledge has its own way of knowing, seeing and thinking (Mehta et al. 2011) that is transmitted orally through stories, informed experiences, practical examples and idioms (Sen 2005 as in Onwuegbuzie 2017). It is a generation wise accumulation of traditional experiences through trial and error method that relate to the mode of production (Ashok 2013) and has proven to be useful in solving many problems faced in the community (Onwuegbuzie 2017). It is by nature, tends to be rooted in the communities in which they originate and are hardly diffused among communities (ibid.). However, by nature of its flexibility, indigenous knowledge can go through the process of modification through outside influences and acculturation, as well as can gain market acceptance due to its potential to add value (Capel 2014). In this milieu, indigenous entrepreneurs can be referred to as the one who applies indigenous knowledge in their entrepreneurial process (See: Onwuegbuzie 2014; Agwu et al. 2018). They possess grassroots knowledge that makes them aware about the local market and recognition of the need (See: Dana 2007a, b; Capel 2014); have a deep knowledge of how to use available resources and can change current production methods (Agwu and Me 2018). In the same line, Ganguli (2000) posited that indigenous entrepreneur acquires knowledge of resources that could lead to innovative solutions. It is substantiated by Capel's (2014) propagation that the uniqueness of indigenous knowledge possessed by indigenous entrepreneurs can be useful in creating both innovations and indigenous entrepreneurship, as well as

can create the future of indigenous markets. Therefore, they are recognised to acquire knowledge to craft grassroots innovations (Capel 2014; Agwu and Me 2018).

The innovations which generated using indigenous knowledge tend to align with the values of the people that make up the market (Verma et al. 2004), often targeted at the indigenous market/s who deem them valuable and effective (Monaghan 2009). Indigenous innovations mostly derive from the unsatisfied needs of a large proportion of the indigenous population. Capel (2014) highlighted three common types of innovation. They are: (a) product innovation—that include new products or services introduction to meet an external user or market needs; (b) process innovation—that includes the introduction of a new element into an organisation's production or service operations; (c) administrative innovation—that include changes in the methods of operating a business. Capel added that innovation within organisations is a function of individual efforts and is significantly influenced by the extent of creativity-relevant skills possessed by people within the organisation. Whereas, Damanpour (1991) propagated that organisational innovation adopts an idea or behaviour to develop a new product or service. Such skills can be developed, sustained, and improved through formal and informal training and education.

10.2.2 Business Model, Value Proposition and Innovation

Since the introduction of the concept of the value proposition by Lanning and Michaels at McKinsey & Company in the 1980s, the term became quite familiar (Camlek 2010) and has been increasingly used in both the academic and practices (Frow and Payne 2011). In general understanding, the value of a product or service is demonstrated through the value proposition (Camlek 2010). Value is created when product attributes (e.g. design, service or support) match specific customer needs (Kambil et al. 1996 as in Lindič and da Silva 2011). The value proposition is associated with the values an entrepreneurial setup delivers to customers in order to satisfy their (customer) needs with an intention for best serving the customers. However, the value propositions relate to specific users and use situations (Holttinen 2014) and vary according to the types of entrepreneurial setup (See: Kaplan and Norton 2008). Value is specific to a particular instances because time, convenience, perceived risks, among others, are factors that vary from company to company and from individual to individual (Barnes et al. 2009 as in Lindič and da Silva 2011). Besides, Hassan (2012) mentioned that the value proposition can be created through more than one element, such as quality and location. That is why any entrepreneurial set up is responsible for setting the value they seek to deliver based on their strategies. As it is the customer who decides or determines to consume a particular product or service. So, the author like Teece (2010) opined that a good business model yields value propositions that are compelling to customers. The first and foremost discourse found from the existing literature on the business model is the dominant value proposition: where the value proposition is central to the customer need and satisfaction (Sommerrock 2010). The value proposition for customers is defined 'more by the satisfaction of needs and

less by specific products' (ibid.:140). Johnson et al. (2008) viewed business model from four interlocking elements that, taken together, create and deliver value, i.e. customer value proposition (creating value for customers); profit formula (creating value for itself while providing value to the customer); key resources (assets required to deliver the value proposition to the targeted customer) and key processes (operational and managerial processes to deliver value in a way that successfully repeats and increase in scale). Chesbrough and Rosenbloom (2002) spell the requirements that a business model should fulfil at all levels of analysis that include: articulating the value proposition. Osterwalder and Pigneur's (2010) framework on the business model propagates value proposition as the bundle of products and services that create value for a specific customer segment. It focuses on solving a customer problem or satisfies a customer need. They added that some of the value proposition may be innovative.

In the recent trend of doing business, it is evident that to attract the customer or to retain a large portion of customer base, innovation of the business model that emphasises the aspect of the value proposition is of prime concern (See: Al-Debei and Avison 2010). In the same line, Ramdani et al. (2019) mentioned about business model innovation through value proposition. They highlighted two approaches for business model innovation: one approach suggests that alternative business models can be explored through an evolutionary process of incremental changes to business model elements; and another approach suggests about practice-oriented, advocates that innovative business models can be developed through a revolutionary process by replacing existing business models. Existing literature informs about the prevalence of business model as an important unit of analysis in innovation studies (Massa and Tucci 2013), as well as considered to be a source of innovation (Zott et al. 2011). Girotra and Netessine (2014:1) make a laymen's understanding of business model innovation that 'it demands neither new technologies nor the creation of brand-new markets: It's about delivering existing products that are produced by existing technologies to existing markets.' Whereas, according to Massa and Tucci (2013), innovative business models may unlock opportunities to serve entirely new customer segments by allowing extending products and services to potential customers. There is a need for offering the right value to customers so that the offering made to the customer has to be attractive. They highlighted the role of a business model in fostering innovation in twofold categories: (a) by allowing entrepreneurs to connect with innovative products and technologies; and (b) the business model may act as a source of innovation in and of itself. Furthermore, they referred business model innovation as (i) the design of a novel business model for newly formed organisations; or (ii) the reconfiguration of existing business models (i.e., reconfigure organisational resources to change existing business models). Nonetheless, Saxena et al. (2017: 40) referred to business model innovation as 'the creation, or reinvention, of the business itself and results in an entirely different way of doing business.' Osterwalder and Pigneur (2010) propagated that: business model innovation is not about looking back, because the past indicates little about what is possible in terms of future business models. Business model innovation is not about looking to competitors, since business model innovation is not about copying or benchmarking, but about creating

new mechanisms to create value and derive revenues. Rather, business model innovation is about challenging orthodoxies to design original models that meet unsatisfied, new, or hidden customer needs. Besides, it is found that business model innovation is a key driver of success (Sosna et al. 2010), integration of basic insights of innovation can act as a vehicle for innovation, as well as a subject of innovation (Zott et al. 2011). Business model innovation can lead to an expansion of an existing business model, co-existence of the old and new business models and management of multiple (new) business models (Saxena et al. 2017: 40). However, it is important to curtail the effects of the unpredictable external business environment (Sosna et al. 2010). According to Osterwalder and Pigneur (2010), the ideas for business model innovation can come from anywhere. They distinguished four epicentres of business model innovation: resource-driven, offer-driven, customer-driven and finance-driven, where each of the four epicentres can serve as the starting point for a major business model change. Furthermore, specific to the retail business model, Sorescu et al. (2011) asserted that innovation in retail business models can occur as a result of changes in the level of participation by actors engaged in performing the activities.

From this parlance, this chapter takes the opportunity to unearth the starting source of the indigenous business model and then an attempt is made to explore the transition of business model from traditional to innovative one through understanding value proposition.

10.3 Methodology

This chapter is a part of fieldwork findings of researcher's Ph.D. work which was conducted through adopting ethnographic research methods during the timeline of around 6 months (from May 2016 to October 2016). The dominant theme which is considered in this chapter shows only one aspect of the findings from the thick narratives and descriptions deduced from the collected data. Similarly, the previous chapter in this book (Chapter 9) was written. As mentioned earlier, ethnographic method is employed due to its appropriateness in recording the entrepreneurship experiences of indigenous people in their own words with minimal cultural bias (Dana 1995 as in Dana et al. 2007). For this research, an 'emic' perspective was deemed most appropriate to understand the underlying structures of culture from within (Harris 1976). The researcher involves in pottery making activities and stays with Andro potters so that to understand the experiences of the potter in making their pottery products and explore how they develop their entrepreneurship. Participant observation and in-depth interviews are employed predominantly to understand how the pottery business works and its value proposition. Access to the site was made through the help and support of a young pottery apprentice from the Andro village who is learning traditional Andro pottery. With consultation and support from him, the research got the opportunity to stay in the village, involved in pottery making processes and spending time at the Santhei marketplace, as well as in the Community Facility Center (CFC), a center inside the Andro village that is built for potters to come

together and make pottery products. This center was established by the organisation called Crafts and Social Development Organization (CSDO) during the year 2010. After gaining confidence to interact with the respondents, the researcher took an appointment from the businesswomen (potter) about scheduling time for the interview. Primary respondents which narratives are considered primarily for this research are (i) Eight Self-employed businesswomen who make and sale their pottery products at the Santhei Park pottery retail stores (shop); and (ii) Ten women potters who are still engaging in making and selling traditional Andro pot either from home or from CFC. Secondary respondents from whom relevant data are derived for this chapter are: (i). Volunteers—Four active volunteers who are actively involved in maintaining the Santhei Natural Park; (ii). Village Chief—present Andro Village chief. Interviews are lasted for 60 min to 90 min. The recorded interview files were transcribed manually from Manipuri language to the English language. Then, the transcripts were read and re-read to get emergent themes through manually coding using Microsoft-excel. From the emerging themes, those relevant and suitable themes are categories and incorporated for the use of this chapter.

10.4 Understanding the Site and Context: Andro Village

The main reason for selecting Andro village as a unit of study is due to its rich heritage of pottery making. People living in Andro village are the indigenous population, inhabiting in their ancestral land with a unique language, culture and tradition. They are historically categorised under the ‘Phusaba Loi’ community. The term ‘Loi’ is derived from the word ‘Loipot’ which means the one who pays tribute. ‘Phusaba’ means pot making community. They used to give Andro pot as a tribute to the King. Since time immemorial, they are continuing to make traditional pot and sell it within the community and outside too. The place is also known for preserving the heritage of age-old ancient “sacred fire” from ancient days. This village is 27 km far from the proper Imphal town.

Since the beginning of the Andro pottery making tradition, the skill and knowledge have been passing down from generation to generation. Traditionally, married women or the aged women of the Andro community are eligible to make the traditional pot. But with due course of time, modern knowledge and skill of pottery change the scenario of Andro pottery that attract the youth of the village in pottery making and its business. Some of the youth both male and female started to learn traditional pot making. However, majority of them are engaged in modern pottery making. This context will be discussed in detail in the analysis section. With the passage of time, traditional pot making from home and sale from home started to replace by the modern pottery making and its products. Some institutions that play an important role in bringing changes in the way of doing pottery business are namely: Mutua Bahadur Museum, Common Facility Center (CFC) and Santhei Natural Park. Such institutions brought an opportunity for modern pottery in the village. As indicated in earlier chapter (Chapter 9), such institutes started to conduct a series of workshops

and skill development programmes from time to time. Those traditional potters who were sticking to make traditional pot for certain period of time started to compromise with the modern pottery. By understanding the market opportunity, they started to make modern design pottery products. From traditional potter to the youngster of the village, everyone is attracted towards the modern pottery sector and most of them started to open pottery retail store (shop) at the Santhei Park. Such changing scenario brought changes in the way of doing pottery business, as well as changes in the value proposition of the products to different customer segments. This context will be discussed in detail in the following analysis section.

10.5 Data and Analysis

10.5.1 *Andro Pottery in Meeting People's Needs*

Since time immemorial, the Andro community has been continuing to make traditional Andro pot and sale within the community and outside. However, they do not have an exact written record of the beginning of how pottery becomes to be part and parcel of their life. Like most of the civilisation of humankind, pot has been a tool for survival since time immemorial for the Andro community and has been used to satisfy their living requirement. They have their way of understanding the value provided by the pot and its uses in various spheres of life. The community has its own world view on how pot is introduced to them. In the story of origin, a hint towards satisfying the need of humankind is found central to the production of the pot. This context can be traced from the narration of one of the experienced traditional potters, who makes traditional pot from CFC:

It was Panthoibi¹ ema, who after the creation of human beings, human are made settle and habitat on the earth. Human started to eat food and drink water. She realised that there is a felt need for a vessel for keeping things and water for the survival of the human. Then she started to make the pot. In the beginning, when she was trying to make a pot, she didn't have idea and direction of the shape and form of the pot. Then she looked around and find a flower called Nura Khudonglei.² By imitating the flower shape and design of Nura Khudonglei, she produce a pot. Since then, human civilisation began to make pot to cook food and to keep water.

In the very beginning, it is informed that there was no concept of doing business on Andro traditional pottery. As there was skilfull person in every house, whenever the house needs the pot, they themselves use to procure raw materials and made for themselves. This practice was there for community consumption only. However, as

¹Panthoibi is the female goddess of the Manipuri Meitei community. She is portrayed as the female divinity associated with war, combat, courage, love and adventure. According to the beliefs of the Meiteis, the creation of the earth and heaven has been symbolically presented in the history of Panthoibi.

²Melastoma malabathricum, also known as Malabar melastome is a wild flower of Manipur.

time passed by, the Andro village where every household used to have a skillful potter became to decline. Those who were making traditional pot are started to choose other occupations and many of them passed away due to old age and illness. Those families who do not have a skillful person to make a pot in their family started to approach or place an order to others who are continually making. With the advancement of human civilisation, the Andro community started to use traditional Andro pot for satisfying their needs in various aspects of lifestyle, cultural and social sphere such as—in the household, social affairs and ritual performances. The traditional pot is locally known by the term ‘chaphu.’ For household uses, the pot are varied, for instance: the types of the pot which is use for cooking food is different from the pot which is use for keeping water; or the pot which is use in the washroom is different from the pot which is kept in the corner of every Meitei houses for keeping Meitei God and Goddess (called Lainingthou Sanamahi and Leimarel Ema Ebemma). If someone from outside (the outsider) take a look at their using pattern, one will say that most of the pots look similar in shape, then why the names and purposes are different. It is the insider who defines the pot, its importance and value in their life and community. In this regard, one of the renowned traditional potters, who received a State Award in pottery making from the Government of Manipur, enlightened the researcher regarding the uses of pot for several household purposes and fulfilling different needs.

In earlier days, everywhere, it is only the pot that was used. The pot which is kept in the washroom is called Khonghampun. For fetching and bringing the water is called Eshing pun. One pot is used for keeping drinking water and one for cooking food, these two pots will be kept in every kitchen. The pot which is used for making vegetable and curry is called Enshang chaphu.³ For cooking rice, we called it Chakthong chaphu.

Apart from the household uses, it is found that community people are still buying traditional pot for use in ritual ceremonies and ritual offering/prayers. From the conversation with the State awardee, she informed about the inevitable cycle of using pottery products in their community:

There is a pot which we use while giving birth to a new child. And there is a pot we use during the death of a person. During the death of a child, who is under one month old, we will put the dead body of the child inside a pot and bury that inside the earth by digging the soil. Also, during giving birth, the umbilical cord of the child is put inside the pot and buried inside the soil. During the death of a person, there is a pot which we use for burning the body called Meikoi chaphu. This pot will carry and use for circling the fire of the dead body. This pot is also known by the name Ngangkha.

It is also found that Andro people consume traditional pot in their social and cultural gathering/ceremony. One of the popular ceremonies where Andro’s traditional pot is inevitable is the celebration of Lai Haraoba. Lai Haraoba is merrymaking ceremony of God and Goddess of Andro (Meitei) community of Manipur by those who believed Sananamahi religion (by Meiteis in general). This ceremony is organised and observed in different parts of Manipur (in different form according to the community’s believed), within the stipulated time. For Andro, it is the Panam Ningthou, the

³Chaphu is a local name of traditional pot.

village God that is believed to look after the Andro community. To please their God and totake blissing for their comunity, they celebrate Lai Haraoba every year. They considered him as the supernatural one. According to one of the traditional potters, who makes traditional pot at home, as well as makes modern pottery products, shared her understanding about the obligation of the community people to use traditional pot in celebration and in offering wine to the Panam Ningthou:

When there is time to celebrate Panam Ningthou Lai Haroba, all the Leishabi (maiden girl) have to bring the wine pot (yukhum) of 2–2 each or 3–3 each from their home to offer to the Panam Laiharaoba.

Despite the inevitable uses of traditional pot for different requirements of social and ritual performances, the consumption of Andro traditional pot (till last 10 years from now) is found to be consumed in high quantity by the villagers for brewing local rice wine. It was the introduction of steel, aluminium and plastic buckets in the community that subsequently replace the utility of earthen pot in rice brewing sector as well as in household uses. However, before such instances, in every family that brews local rice wine, they used 30–35 pots for each brewing session.

Likewise, the traditional pot keeps on serving the community's needs for long. Besides, it is reported that there were Andro pottery business activities outside the Andro village. The dominant mode of selling the products outside the village was exchanging their pottery products with other necessary items that are required by the potters like vegetables and ration, etc. In this regards, the State Awardee traditional potter narrated the story of those days where her mother used to go outside the village to sell the pottery products:

My mother used to make pot regularly. She used to make kegam, ngangkha, esaiphu, eshing kharung and big mera kharung. She used to take it to Imphal and sometimes take it to tribal and Muslim inhabited places. Sometimes pots are carried towards the hill where tribes are inhibited and exchange with the commodity like yum, pumpkin, cotton and rice.

However, the exchange of pottery products didn't continue in modern days. In Andro, as it is necessary to offer local rice wine to Panam Ningthou, the tradition of wine-making is still continuing (now it takes the shape of business) but the use of traditional pot is almost replaced by plastic buckets and aluminium vessels. At present, the traditional pot is being used in ritual activities and some of the household requirements. For instance: installation of traditional pot in every household of Andro people for their god called 'Sanamahi' who is worshipped as the household deity by Meitei family. But due to the external intervention in the form of training and workshop programme, the community get a new way of making their products and satisfying a new set of customers. It must be noted that during this episode, coincidentally the community witnessed the development of: Santhei Natural Park which become one of the best tourist destinations in the State; establishment of Mutua Bhadur Museum which brought the attention of outsider for its artefact and pottery heritage; and CFC which become a unit of pottery production as well as locally known for pottery museum. This aspects are incorporated in the following sections.

10.5.2 Transition and Skill up Phase

In the meantime of the history of Andro pottery, there were many instances that came up that acts as an internal and external factor in building opportunity in formalising and developing the business of Andro pottery in a new way. Such instances brought an opportunity to attract customers from outside the community. Consequently, in response to the new customer set, changes occurred in the production of the pottery products in a new way. The scholars and heritage researchers have been taking interest in understanding Andro pottery and were giving continuous effort to preserve the heritage of pottery and other related ancient old scriptures and historical artefacts at this place: like age-old ancient ‘sacred fire’ that is burning perpetually since time immemorial. Contribution of Shri Mutua Bahadur (one of the eminent anthropologist of Manipur, who is well known as one of the living encyclopaedias of Manipuri culture) by establishing Mutua Bahadur Museum (a Cultural Complex) in 1993, at the Andro village was one of the landmark events that brought an opportunity to reshape and coming up with a new way of doing pottery business. He started to bring many renowned handicraft experts from eminent institutes like the National Institute of Design and Department of Handcraft of Manipur to train and skill up the traditional potter in the Andro. Such activities imparted modern skill to the Andro traditional potter that provides a scope to make new design and shape of the pot and other pottery products. The Mutua Bahadur Museum created an opportunity for a new marketplace of Andro pottery in the Andro village (for both the traditional and modern pottery products). To bein with, mention may be made of the legendary potter of Andro village, (Late) Ema Dharmamal, the National Awardee in the field of Andro pottery. With three other potters who are working under her, made both traditional and modern pottery design and started to attract visitors to this museum. One of the potters who used to learn and work under Ema Dharmamaal narrated about the experience that she had from the marketplace of Mutua Museum: with the display of traditional pottery making inside the museum, they started to create new value by introducing new pottery products by focusing on the choices of the new customers:

As per my knowledge, when Mutua museum was functioning properly, the grandmother (Ema Dharmamal) started to make small earthen products like toys, turtle, pumpkin and earthen water bottle inside the museum premises. These products were showcased inside the museum for sale. She used to sit in the Meitei Yumjao (a traditional house of Maitei community. Crafted with Meitei architecture and designed to suit the lifestyles of Meitei environment) of the museum. When the visitor visited the Mutua Museum, earthen pumpkin was one of the best choices for them. It looks very original. Whatever may be the product, when the visitors like the products, buy it and also place an order whenever the visitors wanted traditional pot.

Unfortunately, due to some mismanagement approaches in the museum, the museum doesn’t sustain pottery business inside the museum campus. Another instance may be mention of the establishment of Common Facility Center (CFC) and Santhei Natural Park. The Andro village got new opportunities to do pottery business and change

the environment of doing Andro pottery business after the establishment of above-mentioned entities. Coincidentally, these opportunities come up at the same time, i.e. the establishment of Santhei Natural Park and Common Facility Center (CFC) in the Andro village was around the year 2008–2009. The Park was established with the collective effort of Andro village youth club called the Andro Western Baruni Road Youth Club (AWBYC) inside the village of Andro. The village has a beautiful natural landscape near the foothill of Nongmaijing hill called ‘Santhei’, where local people used to come randomly and conduct picnic programmes. By understanding the potential of the place, the club decided to clean and renovate the place. Since 2008, they started to clean and renovate the place. And then, in a very quick period, the place got recognition as a tourist place by outsiders, as well as the government of Manipur. By 2009, they publicised this place with the name ‘Santhei Natural Park’. On the other hand, in 2009, an NGO from outside the village called the Crafts and Social Development Organisation (CSDO) established a Common Facility Centre (CFC) at Andro village for encouraging pottery and terracotta craft by giving skill training and organising workshop programmes to the potters. In due course of time, both the entities provide a huge marketplace for Andro pottery as well as attract new customer segments.

With the gaining popularity of the Santhei Natural Park, people from different parts of Manipur and even from outside the state started to visit the park everyday, especially in the weekend and festive season that led to creating livelihood opportunities for the villagers. Some potter, by recognising the opportunity, comes up at the gate of the park and started to sell modern design pottery products to the visitors. As the visitors increased, the demand for the product increases. Customers started to look for different varieties of products. With this, many women potter (both elder and young) join the business by putting shop (retail store) at the street of the Santhei Park. Through different training programmes, peer learning and imitation, many of the youth also enter this sector. Mostly they put those products which are of customer choice as well in high demand. Almost all the products are produced by themselves. One of the modern potters, who make products which are of customer choice and continually giving effort to meet the customer needs, shared that:

Till now, I make tortoise, deer, rabbit, tree and candle stand, etc. When children come, they like to buy tortoise very much. These 20 rupees cost tortoise is the most selling product when they come. And when young boys come, they prefer elephant, tortoise, etc. It depends upon their respective interest and affordability.

CFC which was established to promote pottery heritage and skill training took the shape of a pottery business hub and was recognised as the Andro Pottery Museum by the local people. Those outsiders, who came to visit the Park, visit CFC (as per their wishes) while returning. At present, people buy both traditional pot and modern pottery products from CFC. Even local people also buy traditional pot for their household and ritual uses from the potters who are working at CFC. Apart from it, those shops opening at the Santhei Park started to take finished products from CFC to sell them at their shops. Regarding this, one of the pioneer traditional potters

who has been associated with CFC and makes traditional as well as modern design pottery products at CFC said:

In CFC, modern design products like tortoise and other small items are sold more. These finished modern design products like tortoise and gamla (flowerpot) are not sold directly by us. It is sold by those (businessowner) who are opening shops at the Park. When they want any products, they will inform us mentioning the requirement and we make the products. And then, they come and take from us. Besides, when needed, local people also come for buying traditional pot.

Now, those retail stores at the Santhei Park are becoming one of the best channels to do pottery business. At present, there are around 12 pottery retail stores towards the street of the Santhei Park. As the number of visitors increases at the Park, visitors demand also increases. So, with taking products from CFC, they also take modern products from those potters (traditional potter and modern potter) who are making products at home. As a new trend, on the supply side, new young market players are entering to tap this opportunity by making only modern design pottery products and supply to the retail store owners at the Santhei. They do not wanted to open shop but only production.

10.5.3 Value Proposition and Innovation in Andro Pottery

In the above-mentioned sections, an attempt is made to trace the origin of Andro pottery and how it takes a shape of business by satisfying the needs of various customer segments (community people as well as outsiders). Then, highlighted how the way of doing pottery business changes in due course of time and focuses on the changes brought by the demand of pottery products by different customer segments. With that, a trend is recognised about how modern skill training and workshops impart a new idea of producing pottery products in a new way and new design. In this section, an attempt is made to understand various efforts made by potters to add value to the pottery products by incorporating innovative approaches in the products as well as in the way they do business (business model).

With the changes in the way of doing pottery business, there is evidence of changes in the design of the products. Having said that, it does not mean that traditional Andro pottery products do not incorporate any new design. However, the design of traditional Andro pot is very limited and there is not much variation in the products, except the size. Generally, it is the size, the way they make and the way they put the graphic on the traditional pot that differentiates one pot to another and its various purposes (Fig. 10.1 shows a design traditional pot by the traditional potter).

Traditionally Andro pottery has a globular body, rounded base, have a short neck (curved and angular) and out-turned rim with a rounded lip. The major types of traditional Andro pottery are generally in the shape of—jar, pot, dish, bowl, basin and ring stand. Furthermore, within the category of conventional globular design,

Fig. 10.1 A traditional potter who make products at CFC showing a decorated traditional pot with a ring and graphic on it. Source: Picture taken during fieldwork



there can be seen sub-models like—(i) the plain conventional model and (ii) the conventional model with traditional graphics. The traditional pot with design mostly put graphic on the surface of the traditional Andro pot can be of different types like—(a) impressions of vertical lines and appliques mostly on the pot called Laichaphu which is used for ritual purposes; (b) impressions of herringbones mostly on the pot like Ngankha and Kharung which is generally used for storage purpose like water or wine; and (c) impression of two or more rows of rounded on the neck part is generally found on Mera Kharung that use for storage of cloths. There are Iso pot with diamond-shaped perforated holes and curved panels with criss-cross and bold trellis, etc. Even though designs are used in traditional Andro pot, the motive and graphics that put on the surface of the pot cannot be applied in every pot. It can be put according to the uses and the type of the product. The design that uses for offering to God cannot be put for general pot that is use for household requirement. Apart from conventional design, it is found that through external intervention by CSDO in organising skill development programmes and design workshop (as mentioned above) brought a new/modern knowledge in skill and design to the traditional pottery that gives a blend of collaboration with the existing indigenous knowledge on Andro pottery. At present, they are making customise design pot mostly to meet the orders placed by outsiders mainly for decorative purposes (See: Fig. 10.2).

Fig. 10.2 A traditional potter at CFC making customise pot for decorative purposes. Source: Picture taken during fieldwork



In regards to the design which are putting on customise pots, the gatekeeper of the study, the young male apprentices of traditional Andro pottery who is learning from traditional potter at CFC shared about the value addition in the traditional pottery products using new design (eg. Fig. 10.2) by giving importance on the involvement of the process of thinking and rethinking. After going through a series of workshops and training programmes, he was informed that they keep on thinking about the improvisation of the product. Showing a customised traditional pot from CFC to the researcher, he expresses that:

On the design which we learn from the designer and workshops, we are now thinking that if we put something new to the pot: like a new type of design added to the existing design will make it look more beautiful. For instance: if we add this graphic (by showing a customised pot to the researcher), then it will be beautiful. Also, we are thinking that: if the product is made a bit inclined then it will be beautiful; if the product is made a bit straight, then it will be beautiful; if we put the graphic like of a flower leaves on the pot surface, it will be more beautiful. Such a type of thinking exercise is kept on for putting new design. Like this, we improvise and produce newly designed products which will be liked by the people.

In the context of value addition to the traditional pottery, it is found that the indigenous knowledge and value of their heritage itself is valuable to the products they produce. From the series of conversation through interviews and casual conversations with traditional potters of CFC and with those who are making traditional pot from home, one thing is very clear that Andro pot, since earlier days does not use artificial painting. However, as time changes, they knew that some modern potters are using artificial painting on modern pottery products. In this regards, the State Awardee traditional potter expressed their stand on traditional pottery by valuing indigenous values:

We don't want to use artificial colour on our products. It is their (modern potter) wish who are using artificial painting. We know that they (modern potter) are putting artificial colour to make their products sell in huge quantity and make it more attractive. However, those customers who understand indigenous values want our indigenous touch pot only. We firmly believed that it is due to our sense and concern for safeguarding indigeneity that makes us refrain from using other modern or artificial things. Above that, we do not like it. Even though we are making new—new design products, we keep the indigenous value of the products and try to keep them natural.

Apart from it, unlike the traditional pottery, the design of modern pottery products has more variation and varieties ranging from making animals, flower and candle stand for prayer. The types of design which they adopted are mostly to satisfy the need of the customer—either for the decorative purpose like a flowerpot, small earthen coin box, animals and flowers etc. or for a token of remembrance. A pictorial view of varieties the modern product is provided in Fig. 10.3.

The designs which are put on modern products are more related to nature and the environment but not with the heritage of the Andro community. However, to add value to the products, their main focuses are found at understanding the customer choices from time to time. This context is found substantiated by the narration of one of the young women potters who solely make modern pottery products and sale



Fig. 10.3 Designs of modern pottery products—tortoise, pumpkin coin bank and flowerpot drying before putting in the fire. Source: Picture taken during fieldwork

at her shop. She briefs about the centrality of the concern of customer choice and their likeness while producing the products:

To make people like our product is our prime concern. I always prefer to keep those modern products that have a new design and which are of high demand. While making the product, we make sure that the product is interwoven with the design that is suited with time. In earlier days, the best choice was pumpkin, now it is the tortoise. We will make another design whenever new designs come up.

Apart from it, potters are found to have a strategy to attract customers by availing a variety of products and choices in their shops. Figure 10.4 provide a glimpse of retails store where varieties of modern pottery products are kept. In this regard, one of the skilful traditional potters who makes traditional products, as well as modern products from CFC has now opened a shop at the Santhei, shared her perspective on the strategy to attract customers:

It is important to attract people through our products. If we really want people to attract toward our products, then there should be a variety of items to be kept in the store, then only people will be attracted. Such stores are only visited by the visitors. If we are keeping only tortoise, then people do not feel to visit that store. If we keep varieties of products like bird, tree branches, candles and other varieties, then people want to visit that store.

Besides, the price of Andro pottery products is fixed according to the time and the customer. The price they put is varied according to the size of the product and design of the product. However, the price of traditional products and modern pottery products are subjected to negotiation. There is no fixed price on any products. The sale of the product depends upon the agreement of the retailer and the customer which is fixed by the retailer. There are many cases where the price is reduced from the said limit according to the customer's affordability and also rises according to the wish of the retailer.



Fig. 10.4 Visitors to the Santhei Park are looking at the product of their choice from the modern pottery shop (retail store). Source: Picture taken during fieldwork

10.6 Discussion

This study is channelised through employing ethnographic approach with an attempt to explore how indigenous entrepreneurship functions from the aspects of business model - particularly giving focus to value proposition. The overall findings of this research confirmed that the business model among indigenous people has its lineage going back to when societies began engaging in barter exchange (Teece 2010). This study is the evidence that: if we go with the argument that any form of entrepreneurial setup either explicitly or implicitly employs a particular business model (See: Saxena et al. 2017; Teece 2010), we cannot overshadow the business model of indigenous entrepreneurship. This chapter made an attempt to reveal the central factors that leads to creating pottery business (by tracing from its origin) and value proposition. The finding extends towards understanding the innovative aspects also. Rather than directly going to the general understanding of business by focusing on the target customer and value proposition (e.g. Sommerrock 2010; Osterwalder and Pigneur 2002; Johnson et al. 2008; Chesbrough and Rosenbloom 2002; Osterwalder and Pigneur 2010), research showed that it is the environment, opportunity and changing time that brings the concept of business and innovation in the business model.

This study revealed that every entrepreneurial setup does not need a well designed and well-planned business model for its sustainability. In such parlance, the research contradicts with Teece (2010) that without a well-developed business model, innovators (entrepreneur) will fail to either deliver or to capture value from their innovations.

Findings provide an epistemology that business model innovation can be the consequences of ‘the intersections of coincidence events/efforts that leads to the creation of new opportunities, a new marketplace, a new business model, and a new value proposition together at a given time.’ So, it is not necessary that every entrepreneur should only look for planning or designing a compelling business model, but they must be mindful of the opportunities and the changing trend in the market that is brought with the time. Such exercise of exploring the opportunities and tapping the opportunities automatically bring changes in the way of doing business and brought a new design to the products that ultimately contribute to an innovative business model. Therefore, it is the time factor and coincidence that brought the environment of new design and new value addition. Such parlance validates the facts propagated by Zott et al. (2011) and Massa and Tucci (2013) that the business model of indigenous entrepreneurship acts as a medium of innovation, as well as a subject of innovation in itself. However, the research unravels the fact that particularly to indigenous entrepreneurship, the value proposition depend on different customer segment like community and outsider. For instance: for community people—the obligation and inevitable value of the product (traditional pot) that is attached to the cultural sphere of the indigenous community like in social and ritual ceremonies make the business model sustain for many generation by sustaining the demand. In this type of business model, it is not necessarily need for improvisation or bring a new design to make people like it or to plan for new business model. On the other hand, when it comes to the outsider, as the preferences and choices of the customers are varied, the demand for more beautiful and customise products for decorative purposes keeps on changing that ultimately reflect on the business model and its innovation. Such need and demand of the products compelled the potter to add value or put new design to the products, as their prime importance is to attract and sustain the customer.

This study unveil that the co-existence of the old and new business models (See: Saxena et al. 2017) is found to be a prevalent characteristic in indigenous entrepreneurship. However, this study does not falsify the very idea of business model (put by other authors). Besides, it is also evident that business is not always centric towards customer requirement or need. For instance: if we look at the (past) event of exchange of Andro pottery products with other commodities with outside communities, it is not according to the logic of customer needs, but it is according to the need of the producer who wants to get an exchange of their products with the required products. Having said that, no doubt, the research is consistent with the value proposition for customers satisfaction of needs (See: Sommerrock 2010) and confirmed that even though the central source of starting a business is different, the overall purpose of the business model remains the same (See above discussed section). It is indeed, innovation in business models is of vital importance for survival, business performance and as a source of competitive advantage (Ramdani et al. 2019). However, it should not overwhelm entrepreneurs’ mind and think only for innovation rather than looking around what is going around them. However, the research posed a sceptical lens on the proposition of Massa and Tucci (2013: 437–438) that ‘there will come a time when the traditional way of creating, delivering, and capturing value is no longer valid, efficient, useful, or profitable’, because, considering traditional pot of Andro

pottery, the practice of sale and consumption of the traditional pot still exists with the same business model and same value proposition.

10.7 Conclusions

This study is channelised through employing ethnographic approach with an attempt to explore how indigenous entrepreneurship functions from the aspects of business model—particularly giving focus to value proposition. The research revealed a chain that embrace survival of the business model and its innovation. It can be propagate that survival of the business model and its innovation depends upon the survival of the business—survival of the business depends on the survival of the products—survival of the products depends upon the acceptance/consumption of the products by the customer. The entrepreneur must accept the opportunities brought with time for business to survive rather than only focusing on well-planned business model or innovative business model. For instance: the downfall of Kodak company which was the largest market giant is according to my observation, is not due to either lack of business plan/innovative business plan or discontinue to make a business plan during that time where the new opportunities were coming up in the market. The same applies to Nokia, where it cannot be claimed that Nokia was lack of an innovative business model. Failure of these two companies can be seen from the perspectives of negligence or ignorance to accept the opportunities that brought with the time. So, business model innovation not necessarily requires a strategic plan by the entrepreneur, but also needs mindful understanding of the opportunity and tapping the opportunity. The total number of population of the people who are doing mainstream business or entrepreneurial activities is lesser in number than those of the indigenous population. However, the difference between these two business models is that: the former targets a large population and the latter (indigenous entrepreneurship) remains within their geographical limit. Considering the impact made by indigenous entrepreneurship at the grassroots level by covering larger customer segment, different agencies like Government, entrepreneurs and non-profit agencies must consider and intervene in this sector for economic development and achieving Sustainable Development Goals (SDGs). Besides, it is important to consider the business model of indigenous entrepreneurship within their cultural context. Further research scope is provided by this research to look at the business model from cultural aspects because of the embeddedness of cultural element in the indigenous entrepreneurship. As it is evident that without understanding the customer segment, a business model framework is incomplete. So, without understanding the cultural aspect or without understanding the customer who is living in the same cultural context, to explore the business model of indigenous people cannot be fulfilled. The research has the potential to add knowledge to the emerging studies on the role of business model innovation in promoting sustainability. If any company wanted to tap an unexplored opportunity: it is the indigenous entrepreneurship that can address the economic needs of the grassroots market.

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Chapter 11

Open Innovation Approach for Small and Medium Enterprises: An Evidence from Indian Software Product Firms



Sumukh Hungund and K. B. Kiran

11.1 Introduction

Driving a business venture toward growth is the main concern for many entrepreneurs. Innovation practices help the firms to move toward the path of growth. In the present scenario, many firms seek knowledge and technology from external sources along with internal sources to stay competitive in the global market. Firms endorse that innovation is vital for their sustainable growth (Drucker 1985). Also, innovation practices are said to be driving forces for the growth of both big and Small and Medium Enterprises (SMEs) (Yifeng 2011; Mashilo and Iyamu 2012). National Knowledge Commission of India (2007) has revealed that innovation impact's competitiveness of large firms and market share of SMEs. In recent years, the process of innovation is undergoing thoughtful changes in its management (Chesbrough 2003). Chesbrough advocates that Open Innovation helps the firms to maximize their profits through active utilization of both external and internal sources of ideas and knowledge (Chesbrough 2003). The open innovation concept has been of interest of discussion for both the industrial and the academic world. A large number of studies on innovation practices have begun over the last two decades. Open innovation practices help the firm to develop new products for business growth (Freel 2006). Open Innovation has emerged as the hottest topic for researchers in the domain of innovation management (Wang and Tang 2013). Chesbrough (2003) defines Open innovation as the “purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively”. Open innovation models underline the importance of “using a broad range of knowledge

S. Hungund (✉)
Manipal Institute of Technology, Manipal, India
e-mail: sumukh.hungund@gmail.com

K. B. Kiran
National Institute of Technology, Surathkal, Karnataka, India
e-mail: kbheem@nitk.ac.in

sources from customers, academicians, and competitors for the firm's innovation and invention activities to exploit its Intellectual Property” (West and Gallagher 2006). Companies may embroil in either inbound open innovation, outbound open innovation or both to build new internal competences (Chesbrough and Crowther 2006; Vanhaverbeke 2013). Open innovation helps in reducing research and development costs thereby creating new growth opportunities by developing new products or production technologies (Huang et al. 2010; Freel 2006).

Given the background of the importance of innovation and recent progress of open innovation studies across the world, it is of utmost relevance to find out the open innovation practices that have been adopted among Indian technological SMEs in software product space and the influence of these practices on firm performance. Hence, this paper focuses on the adoption of open innovation practices among software product SMEs and the influence of these practices on firm performance. The objectives of the study are to identify the open innovation practices that are adopted and practiced by the SMEs across the Indian software product segment and also to examine the influence of adoption of these practices on firm performance. The study found that open innovation practices influence firm performance. Open innovation practices such as collaborations influence positively, whereas certain practices such as licensing-out Intellectual Property Rights (IPR) and spin-offs influence negatively. The study is limited to Indian SME segment of IT industry.

11.1.1 Innovation in Indian MSME

The innovation report of Federation of Indian Chambers of Commerce & Industry (FICCI) on Micro, Small And Medium-Sized Enterprises (MSME) gives a great insight about how the different industrial sectors in MSME have come up with adoption of innovation. Figure 11.1 gives the percentage share of innovation adoption and innovative products. The high technology industries such as Information Technology (IT), Electronic products, and so on have adopted innovation to a large extent as compared to traditional industrial segments like Gems and Jewelry, Textiles and others. The IT segment has the highest share. Around 57% of the companies in IT product category have adopted innovation practices and deliver innovative products. Hence, IT industry is selected for the study to find out the innovation approaches adopted by them and their influence on firm performance.

The Indian software services division has provided a good platform for the development of Software Products Industry (SPI). The SPI growth is projected to be a \$100bn industry by 2020 and expected to take India's brand to global arena (Ispirit Report). With trends across the globe encouraging the growth of software products, the SPI is assured to facilitate growth prospects. The evolving trend in global business has created an avenue for small businesses to exploit on the changing ecosystem. This enables the SPI of India to be an essential provider of the software products at an affordable cost. Software as 'service companies' in India is a part of the \$600bn industry and their right involvement, fostering and augmentation can put India on

the world map for software products (Ispirit Report). The firms in the SPI fall in the category of SMEs which is based on firm's headcount. The Indian software firms are the subject of the study, as SMEs in India play a pivotal role toward the progress of the economy, and the adoption rate of innovation by the information technology sector in SMEs is around 57 percent (Innovation Readiness of Indian SMEs: Issues and Challenges 2012). Additionally, the National Knowledge Commission of India in its report (Kolaskar et al. 2007) has suggested that SMEs that practice innovation have an impact on their performance, thus study is appropriate and justified.

The paper is divided into the following sections: The paper begins with an introduction followed by a review of the literature, research questions and objectives, conceptual framework, hypotheses statement, results and discussion, and then conclusion and limitations of the study.

11.2 Review of Literature

Open innovation practices are very much popular among large Multinational Companies as they help in achieving growth and superior performance. Roper (1997) opines that SMEs across Germany, UK, and Ireland adopt open innovation practices such as collaborations with R&D establishments for technology exploration and innovation. Chesbrough and Crowther (2006) discuss the adoption of open innovation among American nonhigh technology large firms and are of the opinion that firms adopt open innovation practices primarily for new product development activity. Nicita et al. (2005) analyze the relationship between Intellectual Property Rights (IPR) and innovation. Further found that firm IPRs do not play any role in innovation activities of the firm. West and Gallagher (2006) are of the opinion that firms adopt open innovation practices such as collaborations, spin-offs, and trading of Intellectual Property in software segment.

Lichtenthaler (2008) observes that a trend toward adoption of open innovation is also observed among medium and large firms across Germany, Switzerland, and Austria. Hakkim and Heidrick (2008) discuss the different approaches to innovation such as open innovation and closed innovation. They opine that firms in the energy sector across Canada adopt open innovation practices such as Collaboration and IPR trading. Further, they are of the view that firms collaborate with industrial partners such as suppliers, customer, and academic institutions for their technology exploration activity and also the firms also practice in-licensing of their IPR for technology transfer. Lichtenthaler and Ernst (2008) opine that firms across Germany, Switzerland, and Austria have started to adopt open innovation approaches. Van de Vrande et al. (2009) found out that Dutch SMEs have adopted the open innovation practices and opine that medium-sized firms are more active in engaging open innovation practices as compared to smaller size firms. Crampes and Langinier (2009) suggest that practices of trading IPR help in improvement of innovation output.

Lichtenthaler and Lichtenthaler (2010) opine that firms practice open innovation approach to outperform the competitors by effectively utilizing the concept of technology transfer. Firms generally practice collaborations and trading of IPR. Huizingh (2010) reviews extensively on open innovation practices and feels that even though from past decade academic work on open innovation is published yet the concepts are not fully clear among the practitioners and academicians. Hence, it becomes essential to know more about Open Innovation practices under different contextual settings. Jayawardhana and Surangi (2010) studied open innovation practices among small and medium ventures in Central Province of Sri Lanka. The study reveals that a positive trend is seen to adopt open innovation practices. Also, they conclude that there is a significant difference in the adoption to open innovation practices within medium and small ventures. Tian and Feng (2010) examine the types of external technology sources in open innovation. They opine that apart from competitors, the external technology sources for innovation are suppliers, customers, universities and research institutes, R&D service companies. Lee et al. (2010) opine that collaboration is an important and most suited approach for SMEs to practice innovation.

Rodriguez and Lorenzo (2011) conclude that adoption of open innovation opens up new avenues for SMEs. Xin and Wang (2011) discuss that SMEs adopts open innovation for sustaining rather than for converting into a large organization. Further, they feel that practices of innovation should be carefully adopted by SMEs. They conclude that SMEs sustainable development relies on adoption of innovation practices. Spithoven et al. (2011) discuss the role of intermediaries', i.e., collective research centers in building the absorptive capacity of the firm and concludes that traditional firms which have less absorptive capacity, i.e., firms having less R&D expenditure, have more inclination toward practices of open innovation. Schroll and Mild (2011) examined European firms irrespective of size about the adoption of open innovation approaches and found that firms adopt both the approaches of open innovation, i.e., inbound and outbound. Further, the adoption of inbound approach is more prevalent than outbound approaches. Also, they suggest that open innovation approaches strengthen the internal R&D activities or complement the closed innovation approach. Chiaroni et al. (2011) discuss the case of Italian cement manufacturer. They feel that Italian cement manufacturer is moving from closed innovation approach to open innovation approach. The firm implements the outside-in approach of the open innovation concept. Hu and Chen (2011) are of the view that Taiwanese SMEs do not collaborate with external agents for innovation activity. This indicates that they would like to follow closed innovation approach. Ferrary (2011) discusses the outsourcing exploration through acquisition and development strategy of startups and feels that open innovation adoption helps in developing acquisition and development strategy for the firm and nurtures the cluster's ambidexterity.

Abulrub and Lee (2012) conclude that South Korean firms which focus on global markets adopt open innovation practices. Further, emphasizes that collaboration with external partners is beneficial to the global firms. Also feels that firms in SME segment lack understanding of open innovation approach. Lukac et al. (2012) investigated the adoption of Open Innovation model in Information and Communication Technology (ICT) industry in Germany. The study reveals that success of innovation requires

an unbroken and sustainable flow of innovation. Further, they opine that collaborative approaches make innovation adoption more successful. Kafourous and Forsan (2012) discuss the role of open innovation in emerging economies. The study examined firm's openness to adopt external knowledge for Research and Development activities. Xu and Zheng (2012) review extensively the literature of open innovation practices and recommend that there is a need to study how different modes of open innovation complement or substitute each other. Akdogan and Cingoz (2012) investigated SMEs in Turkey and found that SMEs collaborate with competitors and customers for innovation activity. Aminullah and Adnan (2012) found that collaborations with the academic institute and R&D organization are the innovation practices adopted by Indonesian automotive firms. Chaston (2012) concludes that universities seeking to survive while the government cuts spending may benefit by optimizing their knowledge management systems effectively and laying greater emphasis on the gaining of knowledge by using open innovation activities. Krause et al. (2012) feel that South African SMEs have started to adopt open innovation approach. But the firms are still not clear of the open innovation concept and feel that they need help in order to implement the open innovation approach fully.

Cauchick et al. (2013) conducted a pilot study on open innovation practices among Brazilian firms. The study concluded that there are multiple ways of collaborations such as cooperation, co-creation, co-design, services, consulting, financing, and others for firms to collaborate for innovation. Janeiro et al. (2013) feel that firms that collaborate with academic institutions for innovation activities are more likely to be successful. Wyncarczyk (2013) feels that SMEs, in order to stay competitive and commercialize their technologies, need to adopt open innovation practices such as collaboration with universities and other firms. Rangus and Drnovsek (2013) investigated the practices of open innovation among Slovenian firms and found that firms collaborate with customers and suppliers for innovation. The study opines that smaller companies are more inclined to the trading of their IPR. They conclude that service firms adopt open innovation practices more as compared to manufacturing firms. Segers (2013) observes that there is a strong collaboration between research institutions, universities, venture capitalists, high-risk finance providers, existing large companies, and new biotechnology firms in Belgium. The study perceives that basic innovative activity occurs mainly in university-based out new biotechnology firms (i.e., new, small firms that are spin-offs from university research centers performing state-of-the-art research). Further, they opine that there is a need to study the practices of open innovation. Revutska (2013) opines that the makeover of companies in the open innovation business model is the perspective from the viewpoint of strategic development. Further, they opine that universities or academic institutions play a vital role in the process of open innovation models creation and these centers are involved in the formation and commercialization of knowledge and innovation. Clausen et al. (2013) opine that R & D active firms across Norway adopt both open approaches and closed approach toward innovation. Both the approach complements each other for better technological and market performance. Geum et al. (2013) opine that for open innovation, partner selection plays an important role. Bagherinejad and Darjazini (2013) conclude after studying Iranian electricity generating companies

that open innovation approaches such as Selling out and Leakage of Technology, Acquisition of Technology, Acquisition of Firms and Projects, and Spin-offs and Divestment are adopted by the firms. The firms in Iran power industry practice both inbound and outbound open innovation practices. Mina et al. (2014) studied the open innovation practices among business services firms of UK and Ireland region. The study opines that firms in knowledge-intensive and high technology-oriented industry are open to engaging in open innovation practices. The study infers that high technology manufacturing firms engage in collaboration with Research and Development centers and universities, and younger firms engage in informal open innovation practices. Birkle and Gewald (2013) examined the status of adoption of open innovation among German SMEs. They observe that open innovation practices have gained importance and can be adopted by SMEs. Venturini et al. (2013) notice that firms in SME segment of the Republic of San Marino region prefer to collaborate with suppliers and customers for the innovation process. Jonthan and Athreyi (2013) review extensively the literature on open innovation modes and observe that open innovation approach helps in making permeable internal Research and Development by leveraging inside flow and discharge of knowledge resources. Bigliardi and Galati (2013) discuss various models for adoption of open innovation practices for the food industry and conclude that adoption of practices in the food industry is in growing phase. They opine that collaboration with universities is the more viable option. Hutter et al. (2013) find that SMEs prefer to have collaboration with customers for innovation activity. Brunswicker and Ehrenmann (2013) opine that SMEs must establish cross-company relationships with external partners for process building and product development. Mazini et al. (2013) notice that firms seek for external sources of knowledge to use in their various organizational processes. This indicates firms prefer to practice the outside-in concept of innovation.

Deegahawature (2014) investigates the extent of implementation of inbound open innovation strategy by Low and Medium (LMT) firms in technologically less advanced countries. He suggests that LMT firms that adopt inbound open innovation should be cautious on environment turbulence. This study does not discuss technology exploration through external agents like academia. Hidalgo and D'Alvino (2014) discuss the innovation activities across the service sectors like Healthcare, Education, and Retail. The study found that innovation practices such as collaboration activities are practiced. Collaborations with academic institutes and with suppliers are being adopted by the service firms for their inbound and outbound innovation activities. Collaboration with research organizations helps the firms in securing high-quality information and access to the knowledge base that enhances open innovation performance (Zemaitisa, 2014). Boken et al. (2014) feel that SMEs across Dutch embrace informal and systematic open innovation approaches. Saguy (2016) studies challenges and opportunities in the food engineering segment and finds that collaboration with all stakeholders of the ecosystem is paramount for the adoption of innovation and also emphasizes on the role of academia in fostering open innovation. Pilav-Velic and Marjanovic (2016) study firms of transition economy and opine that firms adopt collaboration as an open innovation approach and also emphasizes on R&D activities with external agents. Chen et al. (2016) explore the open

innovation intermediaries' role among Chinese smart grid industries. They further note that open innovation intermediaries provide an opportunity for collaboration and sustainable innovation with the practices such as outside-in and inside-out. Carroll et al. (2017) find that firms in the Pharmaceutical industry are known for a closed and secretive approach for their R & D activities. Further, they opine that the open innovation approaches help firm's R & D activities by increasing pool of opportunities by having starting points outside the firm.

Even though earlier researchers have focused on innovation approaches, they are limited to collaboration activities. Studies on software product segment are rare to find. Studies on innovation practices and their adoption across Indian SMEs are inadequate.

11.2.1 Open Innovation Practices and Firm Performance

Roper (1997) opines that innovation practices and firm's growth are related. Further studying small firms across Germany, UK, and Ireland feel that product innovation leads to firm growth. Chesbrough and Crowther (2006) opine that open innovation is a tool that helps the firms to achieve growth and improves the performance. Lichtenthaler (2009) feels that absorptive capacity of the firm is essential for adoption of innovation and this helps in positive performance of the firm. Huang et al. (2010) opine that open innovation is useful in reducing research and development cost and creates new growth opportunities that lead to firm's growth. Jin et al. (2010) conclude that open innovation practices help Chinese company to improve their competence and performance. Lichtenthaler (2010) feels that licensing of technology by firms helps them to enhance their performance in terms of revenue. Li et al. (2010) feel SMEs across Newzwt believe that adoption of open innovation practices such as collaborations with external sources for innovation helps the SMEs in improving market performance.

Qinglan and Yingbiao (2011) feel that SMEs in the Guangdong region of China have adopted open innovation practices of collaboration and strategic cooperation and this has helped them to improve their output and performance. Gulshan (2011) opines that firms, in order to achieve superior performance, should need to change their business model and management thought processes. Also, firms have to bring in external knowledge in their internal innovation systems. Also, firms should let their own unused ideas flow to other businesses for them to use. Further, they should engage with customers through more open and collaborative means and create markets and pathways for people around to connect and innovate.

Kafourous and Forsan (2012) discuss the influence of IPR trading practices on firm performance. They feel that these practices across industries have given different results. Hence, there is definitive need to validate results of trading of IPR on firm performance. Bala Subrahmanya (2012) researched on external support and innovation performance of SMEs. The study concluded that the SMEs internal technical competence and their nature of innovation help them to fetch external support. Thus,

SMEs technical competency clubbed with external support exploit market opportunities to achieve higher innovative performance. Mazzola et al. (2012) discuss the influence of open innovation practices on firm's innovation performance and financial performance. Further, opine that alliance has a negative impact on firm performance and inbound practices such collaboration with academic institutes and suppliers have no influence on firm performance. But the study does not discuss Intellectual Property trading and its influence on firm performance. Sidik (2012) identifies non-financial measures such as market share as key indicators of firm performance. Inauen and Schenke-Wicki (2012) examine the influence of outbound open innovation practices on firm's innovation performance. Further, the study reveals that outbound open innovation practices are more likely to develop more products and also firms which pursue closed innovation is more likely to exhibit incremental innovation for product development. Akdogan and Cingoz (2012) investigated SMEs in Turkey and found that collaboration with competitors and customers is practiced and has resulted in the positive performance of the firm. Rajala and Westerlund (2012) opine that firms adopting open innovation practices foster their product uniformity which positively influences their performance.

Hung and Chou (2013) detail open innovation practices in terms of external technology acquisition, i.e., inbound open innovation and external technology exploitation, i.e., outbound open innovation and its influence on firm performance among Taiwanese manufacturing high-tech firms. The study found that external technology acquisition practice positively influences firm performance, whereas external technology exploitation does not significantly influence firm performance. Rayyes and Valls-Pasola (2013) feel that open innovation approach adopted by low and medium technological Catalonian firms has a positive impact on their market position. Sisodiya et al. (2013) conclude that firms adopting inbound open innovation practices are able to achieve higher financial performance. The firm performance is measured by Tobin's Q formula. Jong and Slavova (2014) argue that collaborations with academic partners may positively influence firm for better innovative performance in terms of product development. Santos et al. (2014) discuss relationships between innovation efforts and firm performance among Brazilian firms. The study reveals that hypothesized relationship between innovation variable and performance variables were not identified. The study does neither confirms nor negates that innovation drives superior firm performance. Chesbrough and Appleyard (2014) feel that open innovation practices help firms in developing an open strategy that brings sustainability.

Lee et al. (2015) discuss inbound open innovation practices adopted by large IT firms. They found that practices of inbound open innovation such as collaborating with university, purchasing patents help the firm to improve sales, profits, and market value. Wang et al. (2015) conclude firm can achieve superior performance if the firm outbound open innovation practices complement inbound open innovation practices. Sikimic et al. (2016) discuss in-licensing practices adopted by Spanish firms. They opine that in-licensing practices have a positive influence on the technological outflows and on technological out-licensing. This indicates open innovation practices lead to positive firm performance. Bianchi et al. (2016) show that among Spanish

manufacturing firms, the external consultants when engaged with internal R & D team, help in improving the innovation performance. Zhang et al. (2016) conclude that both inbound and outbound open innovation practices help the firms to improve their performance among Chinese enterprises. Choi et al. (2016) study Korean SMEs and find that closed innovation approach has a positive impact on innovation performance and open innovation approach has a negative impact on innovation performance of the SME. Lopes et al. (2017) explore the case of a family-owned firm in Brazil which operates in health, education, and coating sectors. The study finds that open innovation practices bring organizational sustainability through knowledge management. The studies conducted so far do not discuss the practices adopted in software product firms, and more so, in the context of India. Hence, there is a need to examine the influence of open innovation practices on the performance of the firms among software product domain in the context of India.

11.2.2 Problem Statement

In India, the SMEs have played a pivotal role in the development of the country and are said to be the background for industrial growth. According to National Knowledge Commission of India, SMEs practice innovation and it makes an impact on performance. Hence, it is of critical interest to know the practices of open innovation as adopted by SMEs in software product segment and examine if the adoption of open innovation practices helps them to improve their firm performance.

11.2.3 Research Questions

The study proposes the following research questions:

1. What are the practices of open innovation adopted by SMEs in product segment?
2. What is the influence of open innovation practices on firm performance?

11.2.4 Research Objectives

The research objectives of the study are as follows:

1. To identify the open innovation practices adopted by software SMEs
2. To examine the influence of open innovation practices on firm performance.

11.3 Conceptual Framework

Firm performance (Y), which is the dependent variable, is measured through the change in overall performance and with more product development. The open innovation practices, which is the independent variable, is measured through the extent to which the following practices are adopted by the software firms. The practices include collaborations (X1), spin-offs (X2) made by the organizations as teams of product development or as a separate entity, alliances (X3) made with other organizations, and licensing-out of intellectual property (X4). This is represented in the diagram in Fig. 11.2.

This can be represented as $Y = F(X1, X2, X3, X4)$.

Furthermore, firms may collaborate with academic institutions, suppliers, R&D labs, and customers. Also, firms licensing-out their IPRs, sell their IPR, and purchase other IPRs.

11.3.1 Hypothesis statement

The study proposes to test the following hypothesis:

H₀₁: Adoption of open innovation practices does not significantly improve firm’s overall performance.

H₁₁: Adoption of open innovation practices does significantly improve firm’s overall performance.

H₀₂: Adoption of open innovation practices does not significantly influence firms to develop more products.

H₁₂: Adoption of open innovation practices does significantly influence firms to develop more products.

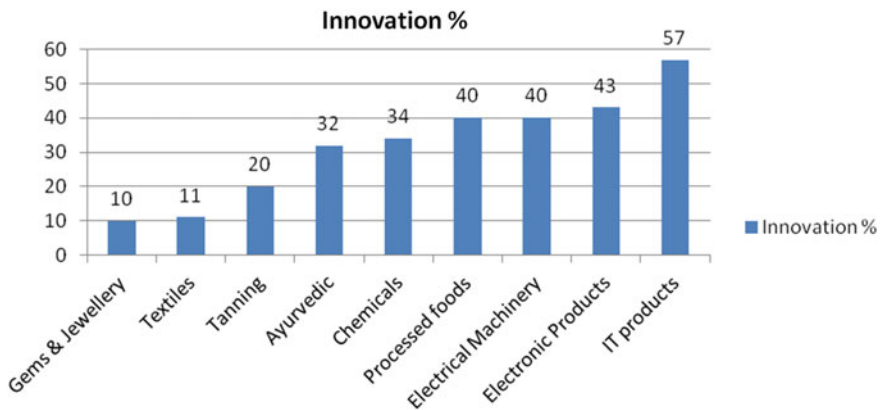


Fig. 11.1 Share of innovating companies. Source FICCI MSME Summit Report (2012)

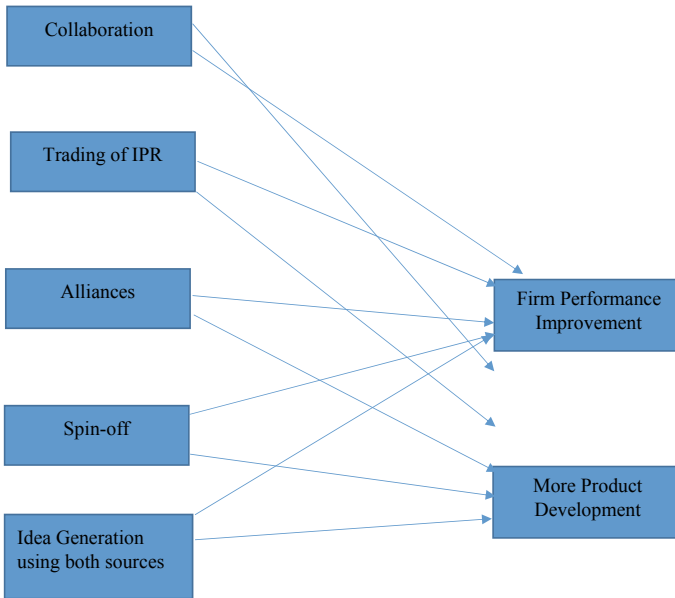


Fig. 11.2 Conceptual framework

11.4 Data and Methodology

The methodology involves two steps. First, all the variables relevant to open innovation practices among SMEs were identified. Subsequently, the software product firms located in Bangalore were selected for the study. The primary data is gathered from 213 SMEs decision-makers through a structured web survey. Google doc was developed and the questionnaire link was sent to the Chief Executive Officers (CEOs), Chief Technology Officers (CTOs), and Co-founders of various software product firms through an email. The study sample had an apt mix of core software product companies, software product and services companies, and product as service firms which cover the domain of software product segment in India. The sampling method adopted to select a sample was criteria-based snowballing. The sample frame was developed based on the list provided by National Association of Software and Service Companies (NASSCOM). But the list provided by NASSCOM did not cover the entire population. Hence, a snowballing method with key prerequisite criteria was employed. As per Hair et al. (1995) a sample of more than 200 is said to be a large sample. Hence, a sample of 200 and more found to be fit. Since the data on performance was measured on perception, a logistic regression is found to fit statistical technique. Also, both the dependent variable and the independent variable were measured on a Likert scale. Hence, a robust statistical tool such as ordinal logistic regression analysis was performed to analyze the data and study the relation between dependent and independent variable.

11.4.1 Variables and Measure

Open innovation is a fairly broad concept which includes different dimensions. In the current study, the dependent variable is a firm performance which is measured by the change in perception of overall performance and more product development.

The key independent variables are open innovation practices such as idea generation with external sources and internal sources(X_1), collaborations with universities(X_2), collaborations with suppliers(X_3), collaborations with R&D labs(X_4), collaborations with customers(X_5), participation in trade show(X_6) spin-offs(X_7), alliances(X_8), intellectual property licensing(X_9), intellectual property purchasing(X_{10}), and intellectual property sell-out(X_{11}). The responses for these independent variables and dependent variable have been collected on a Likert scale. An ordinal logistic regression is performed to measure the dependent variable, i.e., firm performance.

The relationship between the dependent variable and independent variable is expressed as follows:

$$\begin{aligned} \text{Ln}(Y') = & \alpha_j - (\beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 \\ & + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + \beta_{11} X_{11}) + \epsilon \end{aligned} \quad (11.1)$$

where

Y is dependent variable, i.e., firm performance, X_1 to X_{11} are independent variables, i.e., Open Innovation Practices and ϵ is the error term.

11.5 Results and Discussion

The dependent variable of the study is a firm performance, which is measured through overall perception and more product development. The independent variable of the study is measured through the open innovation practices adopted.

11.5.1 Reliability and Validity of Research Instrument

The reliability of the items of the questionnaire is measured by conducting a reliability test for all items which are on the ordinal scale. The Cronbach's α is found to be 0.798 for 48 items which are on the ordinal scale. For the four items which discuss firm performance, the Cronbach's α is found to be 0.802, and for the items which measure open innovation practices, the Cronbach's α is found to be 0.655. All the values are found to be acceptable (Hair et al. 1995). Hence, the research instrument is found to be reliable. The validity of the instrument is carried out by the face validity by experts from academic and industry veterans.

11.5.2 Results of Open Innovation Practices and Firm Performance

Table 11.1 represents the open innovation practices adopted by the sample firms. From Table 11.1, it can be inferred that collaboration is the widely practiced open innovation approach by the firms followed by alliances, intellectual property licensing-In, intellectual property-out, and spin-off, respectively. The study reveals that among the sample firms about 12% of the firms do not adopt any of the open innovation practices. This indicates that they might have adopted closed innovation practices. About 15% of the sample firms have adopted all the innovation practices. Also, it is observed that firms adopt a combination of open innovation practices.

Table 11.1 Open Innovation practices Adopted by Software SMEs

Open Innovation Practices	Adoption %
Collaboration	18.8
Intellectual Property-In	1.4
Intellectual Property-Out	0.5
Alliances	4.7
Spin-Off	0.5
All of These	15.5
None of These	12.7
Collaborations, Alliances	18.8
Collaborations, Intellectual Property-In, Alliances	6.6
Collaborations, Intellectual Property-Out	1.9
Collaboration, Intellectual Property-In, Intellectual Property-Out, Alliances	3.3
Collaboration, Alliances, Spin-off	6.1
Collaboration, Intellectual Property-Out, Alliances	0.9
Collaboration, Intellectual Property-In, Intellectual Property-Out, Spin-Off	0.5
Collaboration, Intellectual Property-Out, Spin-Off	0.9
Intellectual Property- In, Intellectual Property-Out, Alliances	0.9
Collaboration, Intellectual Property-In	0.9
Collaboration, Intellectual Property-In, Alliances, Spin-off	0.5
Intellectual Property-Out, Alliances,	0.9
Alliances, Spin-off	0.5
Collaboration, Intellectual Property-In, Intellectual Property-Out	0.9
Collaboration, Intellectual Property-Out, Spin-off	0.5
Intellectual Property-In and Alliances	0.5
Collaboration, Intellectual Property-Out, Alliance, spin-off	0.5
Collaboration and Spin-off	0.9

Source Survey Results

Table 11.2 Regression Estimates of Dependent and Independent Variables

Independent Variable: Open Innovation Practices	DV	
	Model 1: Improvement Firm Performance Overall	Model 2: More Product Development
Idea generation through both the sources	0.621(0.000)***	0.228(0.160)
Collaboration with academic institutions	0.010(0.938)	-0.007(0.952)
Collaboration with suppliers	0.003(0.984)	0.031(0.805)
Collaboration with R & D centers	-0.045(0.756)	-0.029(0.841)
Collaboration with customers	0.330(0.025)**	0.080(0.582)
Participation in trade shows	-0.079(0.531)	0.163(0.187)
IPR Licensing	0.042(0.756)	0.031(0.812)
IPR Purchases	0.150(0.245)	0.037(0.773)
IPR Sell-out	-0.255(0.045)**	-0.034(0.783)
Spin-off	0.110(0.406)	0.308(0.019)**
Alliance	0.366(0.005)***	0.281(0.026)**
χ^2	45.478(0.000)***	30.650(0.002)**
p- R ²	0.205	0.142

Source Survey Output

*** Significant at 99% and ** significant at 95%

The combination of collaboration, intellectual property licensing-in and alliances, and the combination of collaboration, alliances, and spin-off practices are the most adopted among the multiple practices adopted.

Table 11.2 represents the regression results estimated by the ordinal logistic to explain the influence of open innovation practices on firm performance. Models 1 and 2 explain the influence of open innovation practices on the perception of overall firm performance and more product development respectively. The pseudo-R-square value for model 1 indicates the explanation of explanatory variables is about 20.5% and the pseudo-R-square value for model 2 indicates the explanation of explanatory variables of about 14.2% and are found to be acceptable. The results indicate that p-value is significant at 99% and 95% for the model 1 and model 2, respectively. Hence, the alternate hypothesis 1 and 2 cannot be rejected. This indicates that open innovation practices significantly influence in improving overall firm performance and also has a significant influence on more product developments among SMEs.

Open innovation practices such as idea generation using both internal and external sources have a significant influence in improving overall firm performance. The practices such as collaboration activities for technology exploration with customers have a significant positive influence on improving overall firm performance. Whereas trading IPR by sell-out is negatively significant in improving overall

firm's performance and alliances have a significant influence in improving overall firm performance.

The open innovation practices such as spin-offs and alliances have a significant positive influence on firm performance to develop more products whereas other open innovation practices show limited influence.

Among the technological SMEs, practices of open innovation have a significant influence. In the context of India and more so in the study region, the SMEs have exhibited the adoption of open innovation practices. The key aspect of innovation is idea generation. The SMEs in the Bangalore region perceive that idea generated using both the internal sources and external sources helps in improving the firm performance. SMEs decision-makers are of the opinion that ideas generated from external sources for technology exploration help in improvement of firm performance. Hence, SMEs can always look forward to generating ideas from both the sources, i.e., internal and external for problem solution. The probability of improving firm performance is more when the ideas for technology exploration are generated through both the sources. Among the collaboration practices, the collaboration with customer helps in improving firm performance. The more the collaboration activities with customers, the higher is the increase in the firm performance. These results are concurrent with the results of earlier studies (Mazzola et al. 2012; Akdogan and Cingoz 2012). The trading of IPR by means of sell-out impacts the firm performance. The study result contradicts result of Nicita et al. (2005) and the result indicates that trading of IPR by sell-out is more likely to decrease the firm performance. These results are contradicting the results of Sikimic et al. (2016). Hence, the SMEs need to carefully decide on this practice of open innovation. Another open innovation practice, i.e., alliance has a positive influence on firm performance. The decision-makers perceive that if this practice is adopted by the SMEs, the probability of improved firm performance is higher. The results contradict the results of Mazzola et al. (2012).

The study found that open innovation practices such as spin-off help the SMEs in developing more products. This indicates that SMEs which have spun from their parent company are more successful in developing more products. Also, the practices such as alliance help the SMEs for more product development. SMEs may have to give a thought to these two approaches to open innovation. Practices of these two approaches are perceived to roll out more products by SMEs. SMEs can definitely consider these approaches for more new product development. The other open innovation approaches at this point of time may be less preferred for more product development. Hence at the current time managers or the decision-makers of technological intensive SMEs in the product segment of software industry can consider these two approaches, i.e., spin-off and alliance for more product development.

11.6 Conclusions and Limitations

The study concludes that adoption of open innovation approaches and practices has a significant influence on firm performance. SMEs engaging in open innovation practices such as idea generation through both internal and external sources, collaborations with customers and alliances have a positive influence on improving overall firm performance; whereas selling of IPR as an open innovation approach has a negative influence on overall firm performance. Spin-offs and alliance with the third party have a positive influence on firm performance with respect to more product development. Practices such as trading of IPR is a newer trend observed among Indian software product SMEs which impacts firm performance. Also, firms are less likely to collaborate with academic institutions and research establishments for innovation activity. Open innovation practices help SME segment of the software product space to improve its performance in general and also helps in developing more products. This study helps the managers to decide on the practices of open innovation that need to be considered by the firm. Hence, the adoption of open innovation practices helps small business to enhance their performance. The limitation of the study is that the study is centered on SMEs located in the Bangalore region. Hence, the study results cannot be generalized. The study considers the perspective of only decision-makers. The core part of the organization is the employees. The study does not consider their view. This is also the limitation of the study. The future study should focus more on the employee perspective on adoption of these practices especially with respect to collaboration and alliances. The study on the adoption of open innovation practices and their influence on firm performance among SMEs of the different industrial segments should also be made and compared with the current study results.

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Chapter 12

Open Innovation Approaches, Adoption and Its Effect on Firm Performance: An Evidence from Indian Biotechnological Firms



Aishwarya Narayan, B. R. Nandha, and Sumukh Hungund

12.1 Introduction

Open innovation was characterized as the utilization of purposive inflows and surges of knowledge to quicken internal innovation, and growth of the business sectors for the commercialization of innovation, respectively (Chesbrough 2003). In an open innovation approach, the firm's boundary turned out to be permeable and permits consolidating the organization assets with the external co-administrators. The open innovation model gets different changes in the company's approach to manage the indispensable organization of innovation that has been created during the time as a response to enormous modifications in the focused environment, e.g., extended dynamicity and turbulence (Wolf 2006).

Various explorations center around the impact of open innovation practices on firm performance.

Past examinations experience the ill effects of two principle restrictions: firstly, there is no homogeneity in the suggestion of what firm performance exactly is, as indicated by researchers (Lichtenthaler 2009). Also, there is an intermixture of implications for the connection among approaches adopted and performance effects, since there is no accord among creators on whether the connection among open innovation and firm performance is certain, negative or non-direct (Cohen and Levinthal 1990). Laursen and Salters (2006) stress that concentrating on the connection between open innovation and firm performance is fundamental. Also, it has built up a beneficial outcome of a few open innovation systems on firm performance. However, such

A. Narayan · B. R. Nandha · S. Hungund (✉)
Manipal Institute of Technology, Manipal, India
e-mail: sumukh.hungund@gmail.com

A. Narayan
e-mail: aishwarya.narayan20@gmail.com

B. R. Nandha
e-mail: nandha.br@gmail.com

absence of freedom on how it influences firm performance is because of the client's procedural decisions instead of to the genuine individualities of the event (Huang and Rice 2009).

The adoption of open innovation practices in the biotechnology industry has not been systematically studied so far. This issue is addressed through an investigation across the biotechnology industrial segment in the Indian context. The objective is to fulfill an academic gap by identifying the open innovation approaches' adopted by the firms. Further, it examines the effect of individual open innovation approaches on separate firm performance indicators.

According to Chesbrough (2003), open innovation is measured by various parameters like collaboration, intellectual property rights, alliances, and spin-off. Firms are likely to value technologies and knowledge possibly to instigate mutually from internal and external confines of the organization, thus making innovation profitable in the outlines of yields and services marketed. These yields and services can be measured using firm performance indicators. As per previous research (Hungund and Kiran 2017), five firm performance indicators, i.e., overall firm performance, product sales, more product development, market share, and revenue is used.

Based on the premise that these firm performance factors are affected by open innovation approaches, we embrace a longitudinal point of view to think about how biotechnological organizations have organized themselves over the period to trade ideas and pieces of information with various range of associations present outside the organization alongside separate phases of Research and Development (R&D) and innovation process. The results reported in this paper support the existing study on open innovation, although it has been relatively under-investigated in the biotechnology industry. There is an increasing acceptance of revising the implementation of the open innovation methodology in the sector (Bianchi et al. 2011). Additionally, managers will positively find the advice created in the paper useful to comprehend the prospect of open innovation for the firms in the industry and the organizational replacements they could count on.

The remainder of this paper comprises five sections. Section 12.2 reviews various literature, defines the objective of the study. In Sects. 12.3 and 12.4, data and methods are explained, and results are presented in Sect. 12.5. Section 12.6 covers the managerial implications of the research followed by Sect. 12.7 that deals with discussion and the work concludes with implications, limitations, and directions for future research.

12.2 Literature Review

A firm might need to team up with outer subjects keeping in mind the end goal to accomplish a few business objectives, for example, expanding its profitability, shortening time-to-market, improving development capacity, making more prominent adaptability in internal R&D or growing business market (Chesbrough and Schwartz 2007). From one perspective, working together with outer subjects requires extra

endeavors and expenses as for only procuring know-how from them. Firms may maintain expenses of coordination while connecting with different associations (Faems et al. 2010). This section reviews the related literature on open innovation and firm performance.

12.2.1 *Open Innovation*

Studies on open innovation has so far concentrated on characterizing the level of openness of the organization estimated through the degree of associations with an outside collaborator, neglecting to consider the estimation of the obtained resources, and their impact on execution in the examination with the improvement of similar items on execution (Cohen and Levinthal 1990; Chesbrough 2003). Meanwhile, Mondal and Ghosh (2012) examined the utilization of “Innovation” related pointers as the yield of the innovation procedure gives a helpful pointer on the achievement of innovation-related exercises. It does not reveal how such yield impacts the firm’s general performance in the Indian banking sector. Menon and Pfeffer (2003) claim that the open innovation idea appears to disregard all the examination on innovation exchange and absorptive limit.

Firms have continually been prompted to make upgrades keeping in mind a definitive target to accomplish conceivable favored edge. To this point, for a sufficient proportion of time in the twentieth century connection’s internal R&D workshops were the fundamental wellsprings of specific innovation (West and Gallagher 2006). Before the explanation “Open Innovation” was presented by Chesbrough (2003), firms were arranging with the supplementary relationship, for example, schools and suppliers to induce their progress (Vanhaverbeke et al. 2012). According to the open innovation perspective, firms are continually mindful of the need to interface with their plenteous essential learning scene to take a premium on their internal R&D endeavors with their outbound surges of data and progression (Chesbrough 2006).

Open innovation implies another administrative technique in which mergers style utilizes interior and exterior resources to start their innovation initiatives (Chesbrough 2003). As an option of utilizing customary preliminaries like statistical surveying and pattern exploring, the goal of open innovation is to gather material through the expansion of buyers or clients in every phase of the innovation procedure (Lichtenthaler 2009). The access to open innovation is dynamically perceived as an intense well-spring of the organization’s innovations. In any case, the association’s assets are typically restricted, and blending with external subjects is a swelled activity (Koput 1997). Positively, dynamic collaborations require robust maintenance costs (Duysters and Lokshin 2011; Kang and Kang 2009).

An increasing number of firms are known to adopt several open innovation practices at once including technology alliance (Chesbrough 2003) to add to their innovation performances (Deeds and Rothaermel 2003; Dittrich and Duysters 2007; Vanhaverbeke 2013). In addition to adopting open innovation approaches, consistent evidence in previous studies reports that firms which incorporate alliance outperform

firms that do not (Dittrich and Duysters 2007). Nieto and Santamaria (2007), explain that greater diversity of the alliance or “the amount of different alliance partners (i.e., suppliers, customers, competitors, universities) with whom a firm simultaneously collaborates” increases the performance of the firm (Faems et al. 2005).

A spin-off methodology is a type of open innovation practice as an organization can “spin-off” a recently created innovation to the open market for further development. The spin-off is a system to divide product from an early development with the expectation that when it leaves initial stage, it will turn out to be more successful all alone (Chesbrough 2006).

Firms adopt open innovation practices such as collaboration with customers and Licensing-in practices to better their firm performance. It has a positive influence on the technological outflow and technological out-licensing (Akdogan and Cingoz 2012; Sikimic et al. 2016). Open innovation practices such as collaborations with customers and R&D labs and alliances are being practiced by Indian software firms and these practices improve firm performance (Hungund and Kiran 2017). Wang and Zhou (2012) opine that firm practices of open innovation are found to be inapplicable in emerging countries.

12.2.2 Firm Performance

Beginning with Laursen and Salter’s (2006) research, numerous studies have attempted to focus on the connection between open innovation and firm performance.

Innovation practices, i.e., open innovation practices, and a firm’s growth are related (Roper 1997; Chesbrough and Crowther 2006). Mazzola et al. (2012) opine that open innovation practice such as alliance has a negative impact on firm performance. Akdogan and Cingoz (2012) found that open innovation practices such as collaboration practices with customers and competitors improve firm performance. Lichtenthaler (2009) opines that the adoption of open innovation practices helps in the positive performance of the firm. Lichtenthaler (2009) opines that licensing of technology by firms enhances their performance in terms of revenue. Li et al. (2010) opine that adoption of open innovation practices such as collaborations with external sources for innovation helps the SMEs in improving the market performance.

Qinglan and Yingbiao (2011) conclude that open innovation practices such as collaboration improves a firm’s output and performance. Kafouros and Forsans (2012) opine that there is an influence of IPR trading practices on firm performance and results differ across industries. Balasubrahmanya (2012) concludes that SMEs technical competency clubbed with external support exploits market opportunities to achieve higher innovative performance. Mazzola et al. (2012) opine that alliance has a negative impact on firm performance and practices such as collaboration with academic institutes and suppliers have no influence on firm performance. Inauen and Schenker-Wicki (2011) reveal that outbound open innovation practices such as IPR and spin-off influence to develop more products. Akdogan and Cingoz (2012) observe that collaboration practices result in the positive performance of the firm.

Yu-bing and Yi (2012) conclude that adoptions of open innovation practices influence overall innovation performance among Chinese firms. Rajala and Westerlund (2012) opine that firms adopting open innovation practices foster their product uniformity which positively influences their performance.

Hung and Chou (2013) found that external technology acquisition practice positively influences firm performance, whereas external technology exploitation does not significantly influence firm performance. Rayyes and Valls-Pasola (2013) opine that the open innovation approach adopted by low and medium technological Catalanian firms has a positive influence on their market position.

Jong and Slavova (2014) argue that collaboration practices may positively influence firm for more product development. Santos et al. (2014) neither confirms nor negates the notion of innovation leading to superior firm performance. Lee et al. (2015) find that practices of open innovation help the firm to improve sales, profits, and market value.

Zhang et al. (2016) conclude that both open innovation practices help the firm to improve its performance among Chinese enterprises. Choi, Lee, and Ham (2016) observe that a firm adopting open innovation practices has a negative impact on firm performance. Lopes and de Carvalho (2018) conclude that open innovation practices bring organizational sustainable performance through knowledge management.

12.2.3 Research Gap

Due to the limited literature on open innovation approaches with their influence on firm performance (Hungund and Kiran 2017; Akdogan and Cingoz 2012), in the domain of Biotechnological firms studies are rare to find (Kafouros and Forsans 2012; Segers 2013). Earlier researchers have primarily focused on the adoption of open innovation, but have not discussed its influence on firm performance (Lichtenhaler 2009; Van de Vrande et al. 2009; Tian and Feng 2010; Gumus and Cubukcu 2011). Even though the adoption of the practice of open innovation has been much researched, a gray area exists with respect to technological firms particularly in the Biotechnology domain and more so in the context of India. A few studies discuss open and closed innovation practices and firm performance (Mazzola et al. 2012; Cozzarin 2004), but these studies are in the context of European and American firms. Also, the earlier studies discuss more from the adoption perspective and performance perspective in silos. Hence, there is a definitive need to study open innovation practices and their influence on firm performance in the context of Indian biotechnological firms.

12.3 Research Objectives

12.3.1 Objectives

While developed industries might have been subject to the constant need for change, they can use innovation practices to help them in obtaining a competitive advantage. Love et al. (2011) opine that innovation in the form of continuous improvement and strategic management is the key in the present changing economy. Chesbrough (2006) asserts that subsequently, organizations must utilize all their inside assets productively to achieve maximum increase in the overall development and improve the firm's performance. Hence, the purpose is to identify the interplay among adoptions of these practices and adoption's influence on the firm's performance.

Thus, the objectives are:

- To identify the open innovation approaches implemented by Indian biotechnological companies.
- To examine the influence of open innovation approaches adopted on their firm performance.

12.3.2 Hypothesis Statements

Research outline adopted in which the connections between innovation practices, for instance, collaboration, intellectual property licensing, alliance and spin-off and firm performance of the firm are analyzed. Consequently, it is hypothesized as:

H₀: Adoption of innovation practices does not improve the firm performance.

H₁: Adoption of innovation practices improves the firm performance.

12.4 Conceptual Framework

Chesbrough (2003) opines that the open innovation studies have found onlookers among researchers, delegates and system makers to seek new chances to progress in the passage to periphery wellsprings of data and innovation contrary to the closed model, which is centered on internal R&D. Despite the fact that an earlier report has inspected firm performance impacts under various degrees of technological change (Lichtenthaler 2009), experimental proof on whether innovative performance reinforces the impact of a company's execution is sparse. Research led to investigate the direct influence of individual open innovation approaches on elements of firm performance.

This paper adds to seal these cracks in the existing literature, concentrating on the methodologies of open innovation utilized through which biotechnological firms

open up their innovation processes. This investigation likewise analyzes how the individual firm performance factors are influenced by each open innovation practices. This viewpoint has not been adequately investigated by scholarly research.

This investigation adds to current literature in two viewpoints. Firstly, this investigation looks at the immediate effect of externally acquiring and inventive technology on firm performance by inspecting four parameter sources (i.e., collaborations, IP rights, alliances, and spin-offs). This is deliberated by offering quantitative empirical examinations of the immediate beneficial outcomes of the open innovation measurements on firm performance, which may help elucidate their inconspicuous impacts (West and Gallagher 2006). Secondly, this examination adds to a comprehension of open innovation processed inside organizations and its managerial implications within an organization (Fig. 12.1).

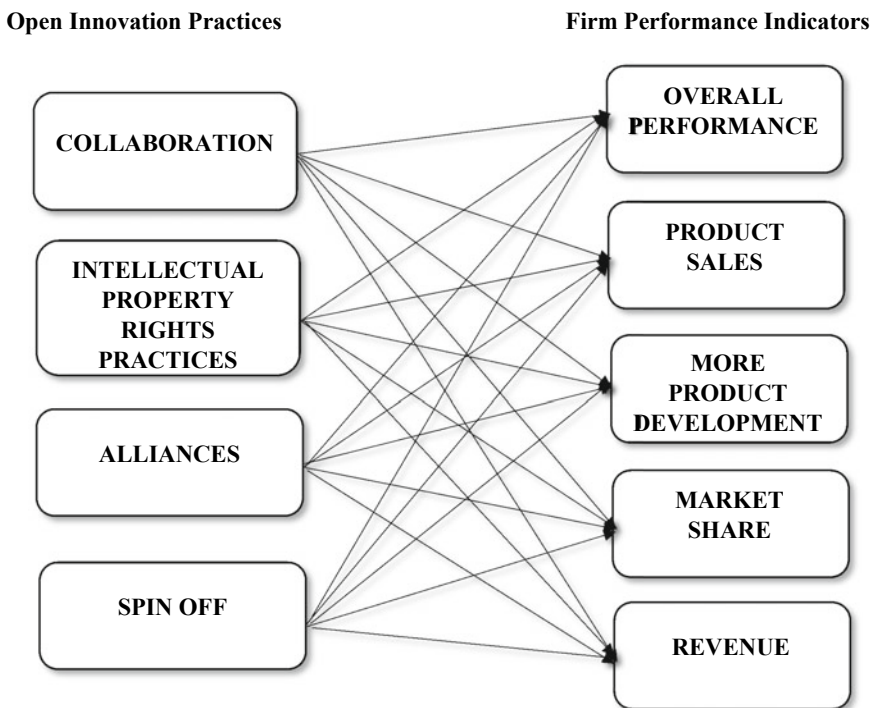


Fig. 12.1 Conceptual framework of the study

12.5 Research Methodology

12.5.1 Study Area and Target Population

The study was focused on the Indian biotechnology sector. The study population consists of the biotechnology firms located in India. The database of companies was sourced from the Department of Biotechnology (DBT), which is responsible for administrating development and commercialization in the field of biotechnology in India, Biotechnology Industry Research Assistance Council (BIRAC), and Confederation of Indian Industries (CII). As a complete list (Sampling frame) of Indian biotechnological companies is not found in the BIRAC database and/or in any other agencies, the population of the study, i.e., total number of biotechnology firms in India, is difficult to determine.

12.5.2 Design

The methodology involves two steps. A questionnaire was developed to conduct the survey and was administered with the help of an online Google form. An online survey was developed and directed to the decision makers of various biotechnology firms through an email. As a complete list of Indian biotechnological companies is not found in BIRAC and in any other agencies, the total number of biotechnology firms is difficult to determine. Hence, the snowball sampling method is found to be appropriate for selecting sample units. A snowballing over a large sample such as 200 turns out to be random in nature (Hair et al. 2005). The sample of 200 firms, was found to be fit to conduct the study and the required data was collected from this sample firm. The sample generated from the survey had an appropriate mix of firms which covered the entire population of the biotechnology industry in India. The respondents of the survey were mostly from the top-level management of these firms. The data collected is analyzed using IBM SPSS 23 tool. The dependent variable and independent variables are collected on a 7 point Likert scale. Since the data collected for dependent and independent variables measure the perception, the ordinal logistic regression technique is found to be suitable for analyzing the influence of independent variables on the dependent variables.

12.5.3 Construct Development

First, all the variables relevant to open innovation practices and firm performance among Biotechnological firms were identified through a structured literature study.

This was monitored by an expert panel that was constituted to provide various suitable measurements for review. The primary data for the study is gathered from 200 decision makers of the firm through a structured survey.

The purpose of this survey was to measure the adoption of open innovation if practiced as an innovation tool and if it proportionally affects the firm’s performance in the Indian biotechnology industry.

The key independent variable of the study is the open innovation practices adopted by Biotechnology firms such as collaborations with external R&D (X_1), collaborations with academic institutions (X_2), collaborations with suppliers (X_3), collaborations with R&D labs (X_4), collaborations with customers (X_5), collaboration with participation in trade show (X_6), intellectual property licensing (X_7), intellectual property purchasing (X_8), intellectual property sell out (X_9), alliances (X_{10}), and spin-offs (X_{11}) which are measured on a 7 point Likert scale.

The dependent variable is the firm performance which measured by the overall perception of firm performance; the perception of change in overall firm performance (Y_1'), the perception of change in product sales (Y_2'), the perception of change in more product development (Y_3'), the perception of change in market share (Y_4'); and the perception of change in revenue (Y_5') on a 7 point Likert scale.

Having arranged, classified, recombined the information to address the purpose of the investigation and cross-checked this information to dodge inconsistencies, the selected information was broken down utilizing descriptive statistics like frequency tables. A powerful measurable tool, for example, Ordinal Logistic Regression examination was performed to analyze the information affiliation between dependent and independent variables. The connection between the dependent variable and the independent variable is as follows:

$$\text{Ln}(Y') = \alpha_j - \left(\begin{array}{l} \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 \\ + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + \beta_{11} X_{11} \end{array} \right) + \epsilon \tag{1}$$

where $\beta_1, \beta_2, \beta_3 \dots \beta_{10}$ are logit coefficients, Y is dependent variable i.e. firm performance, X_1 to X_{11} are independent variables i.e. Innovation Practices and ϵ is the error term.

$$\text{Ln}(Y'_1) = \alpha_j - \left(\begin{array}{l} \beta_1 \cdot \text{CRE} + \beta_2 \cdot \text{CA} + \beta_3 \cdot \text{CS} + \beta_4 \cdot \text{CRL} + \beta_5 \cdot \text{CC} + \beta_6 \cdot \text{CTS} \\ + \beta_7 \cdot \text{IPL} + \beta_8 \cdot \text{IPP} + \beta_9 \cdot \text{IPS} + \beta_{10} \cdot \text{A} + \beta_{11} \cdot \text{S} \end{array} \right) + \epsilon \tag{2}$$

$$\text{Ln}(Y'_2) = \alpha_j - \left(\begin{array}{l} \beta_1 \cdot \text{CRE} + \beta_2 \cdot \text{CA} + \beta_3 \cdot \text{CS} + \beta_4 \cdot \text{CRL} + \beta_5 \cdot \text{CC} + \beta_6 \cdot \text{CTS} \\ + \beta_7 \cdot \text{IPL} + \beta_8 \cdot \text{IPP} + \beta_9 \cdot \text{IPS} + \beta_{10} \cdot \text{A} + \beta_{11} \cdot \text{S} \end{array} \right) + \epsilon \tag{3}$$

$$\text{Ln}(Y'_3) = \alpha_j - \left(\begin{array}{l} \beta_1 \cdot \text{CRE} + \beta_2 \cdot \text{CA} + \beta_3 \cdot \text{CS} + \beta_4 \cdot \text{CRL} + \beta_5 \cdot \text{CC} + \beta_6 \cdot \text{CTS} \\ + \beta_7 \cdot \text{IPL} + \beta_8 \cdot \text{IPP} + \beta_9 \cdot \text{IPS} + \beta_{10} \cdot \text{A} + \beta_{11} \cdot \text{S} \end{array} \right) + \epsilon \tag{4}$$

$$\text{Ln}(Y'_4) = \alpha_j - \left(\begin{array}{l} \beta_1 \cdot \text{CRE} + \beta_2 \cdot \text{CA} + \beta_3 \cdot \text{CS} + \beta_4 \cdot \text{CRL} + \beta_5 \cdot \text{CC} + \beta_6 \cdot \text{CTS} \\ + \beta_7 \cdot \text{IPL} + \beta_8 \cdot \text{IPP} + \beta_9 \cdot \text{IPS} + \beta_{10} \cdot \text{A} + \beta_{11} \cdot \text{S} \end{array} \right) + \epsilon \tag{5}$$

$$\text{Ln}(Y'_5) = \alpha_j - \left(\begin{array}{l} \beta_1 \cdot \text{CRE} + \beta_2 \cdot \text{CA} + \beta_3 \cdot \text{CS} + \beta_4 \cdot \text{CRL} + \beta_5 \cdot \text{CC} + \beta_6 \cdot \text{CTS} \\ + \beta_7 \cdot \text{IPL} + \beta_8 \cdot \text{IPP} + \beta_9 \cdot \text{IPS} + \beta_{10} \cdot \text{A} + \beta_{11} \cdot \text{S} \end{array} \right) + \epsilon \tag{6}$$

where

X₁: Collaboration with external R and D (CRE), X₂: Collaborations with academic institutions (CA), X₃: Collaborations with suppliers (CS), X₄: Collaborations with R and D labs (CRL), X₅: Collaborations with customers (CC), X₆: Collaboration with participation in trade show (CTS), X₇: Intellectual property licensing (IPL), X₈: Intellectual property purchasing (IPP), X₉: Intellectual property sell out (IPS), X₁₀: Alliances (A), X₁₁: Spin-offs (S), Y₁: Overall Performance, Y₂: Product sales, Y₃: More product development, Y₄: Market share, Y₅: Revenue

Table 12.1 demonstrates the diverse constraints and variables utilized in the study. The table additionally indicates the scale utilized for the investigation of the same. The collected data was processed in IBM SPSS 23.

Table 12.1 Construct and their sources

S. No.	Construct	Variable	Source	Scale
1.	Open innovation	Internal and external sources	Chesbrough and Prencipe (2008)	7 point Likert Scale
		Internal R and D Team And External Collaborators	Inauen and Schenker-Wicki (2011)	7 point Likert Scale
		Academic Institutions	Inauen and Schenker-Wicki (2011)	7 point Likert Scale
		Suppliers	Chesbrough and Prencipe (2008)	7 point Likert Scale
		R and D labs	Inauen and Schenker-Wicki (2011)	7 point Likert Scale
		Customers	Chesbrough and Prencipe (2008)	7 point Likert Scale
		Innovation trade shows	Lopes and de Carvalho (2018)	7 point Likert Scale
		License IP	Lopes and de Carvalho (2018)	7 point Likert Scale
		Sell IP	Lopes and de Carvalho (2018)	7 point Likert Scale
		Purchase IP	Lopes and de Carvalho (2018)	7 point Likert Scale
		Alliance	Lopes and de Carvalho (2018)	7 point Likert Scale
Spin off	Lopes and de Carvalho (2018)	7 point Likert Scale		

(continued)

Table 12.1 (continued)

S. No.	Construct	Variable	Source	Scale
2.	Firm performance	Firm market shares	Rass et al. (2013)	7 point Likert Scale
		Firm revenues	Rass et al. (2013)	7 point Likert Scale
		Product sales	Rass et al. (2013)	7 point Likert Scale
		New product development	Rass et al. (2013)	7 point Likert Scale

12.6 Presentation of Data

This paper has primarily focused on the measurement of the degree of openness of the biotechnological firms in India, by examining the adoption of the open innovation practices like collaborations, intellectual property practices, alliances, and spin-off on firm performance such as overall performance, product sales, more product development, market share, and revenue generated in the firms.

In the final examination, 200 responses were obtained through a survey. The sample was heterogeneous, with representation from small, medium, and large organizations from various ventures and different levels of expertise. All the respondents had a high basic leadership level inside the organization. The list included companies from various backgrounds such as pharmaceutical, research, food industry, agriculture, and healthcare with the different open innovation approaches adopted by them (Table 12.2).

The reliability of the measures was assessed for internal consistency, i.e., Cronbach's alpha (Pedhazur and Schelkin Pedhazur and Schmelkim 1991). Every one of the four measurements introduced alphas over 0.8. The selected information was contrasted with objective performance measures to check for alternative reliability quality. After data treatment, Reliability and Variance Analysis was carried out to test the dimensional structure utilizing SPSS 23 software. The results for Average Variance Extracted and Composite Reliability was found to be fit (Table 12.3).

The first step of the analysis was to confirm the multidimensionality of the firm performance construct. The individual independent variables, i.e., open innovation approaches (collaboration with external R&D, collaborations with academic institutions, collaborations with suppliers, collaborations with R&D labs, collaborations

Table 12.2 Open innovation approaches adopted by the companies

S. No.	Indicator	Number of respondents	Percent of total (in %)
1.	Collaboration	88	44
2.	IP rights	66.5	33.5
3.	Alliances	72	36
4.	Spin-off	66	33
5.	All of them	48	24

Table 12.3 Reliability and variance table

S. No.	Construct	Cronbach's alpha	Average variance extracted	Composite reliability
1.	Innovation approaches	0.843	0.51	0.81
2.	Firm performance	0.866	0.60	0.90
3.	Overall	0.912	0.64	0.94

with customers, collaboration with participation in trade show, intellectual property licensing, intellectual property purchasing, intellectual property sell out, alliances, and spin-offs) were compared with the dependent variable, i.e., individual indicators of firm performance (overall performance, product sales, more product development, market share, revenue).

Models were evaluated regarding fit, legitimacy, and reliability. Model fit was assessed utilizing a few indicators. The chi-square test shows whether the contrast between the data correlation framework and the suggested calculated matrix is meaningful. On the off chance that the distinction is significant, one cannot state that the model fits the information, and in this way, it ought to be rejected (Mueller 1999). This test is delicate to the sample and to the number of factors in the model (Hair et al. 2005), now and again prompting a wrong model rejection. As such, different indicators should be considered.

Research constructs were operationalized based on related examinations and refined through a pilot test. The operational meanings of instruments and their related writing were recorded. Information sourcing approaches sought after in a firm were estimated in light of past examinations (Zahra and Nielsen 2002).

12.7 Analysis and Findings

The dependent variable of the examination is a firm performance which is estimated through general discernment and more improvement. The independent variable of the investigation is assessed through the open innovation approaches adopted by the biotechnological firms in India.

The suitable dimensional scale properties were additionally weighed by recognized and standardized works (Gerbing and Anderson 1988; Gatignon et al. 2002; Alegre et al. 2006). The last fit catalogs proposed that the model gave a palatable fit to every one of the data. All the factor loadings were profoundly significant (po.000), and the composite reliability for all builds surpassed 0.7, affirming sufficient measurement reliability (Bagozzi and Yi 1988). The AVE for all the constructs surpassed 0.5. In this manner, the measures exhibit satisfactory convergent validity and composite reliability.

12.7.1 Reliability and Validity of Research Instrument

Reliability of the instrument is defined as how much the instrument measures consistency unswervingly. The establishment for internal dependability is that individual data of the scale should all quantify a similar build and along these lines. Cronbach's alpha measures the inter-term reliability of a scale produced from various articulations. The inner dependability is figured for the construct items and overall items of the poll and is displayed in the table and construct validity is estimated by AVE which is given in the accompanying table.

Table 12.3 shows a number of Average Variance Extraction (AVE) and Composite Reliability values for the individual constraints used in the survey method. The value of all AVE's for the constructs are above the value of 0.5 which implies that the research instrument is statistically reliable and dependent. The different Cronbach's Alpha values for the constraints used in the survey method are also mentioned. Since all values are above 0.7, the constraints are reliable.

12.7.2 Results of Open Innovation Practices

Table 12.4 characterizes the different open innovation approaches adopted by different biotechnology firms in India. From this table, it is deduced that the application of all the mentioned open innovation approaches which include a combination of Collaboration, Intellectual Property Licensing-In, Intellectual Property Licensing-Out, Alliances and Spin-Off (23.5%) is the most commonly and extensively practiced approach followed by Collaboration (7%) and a combination of both Collaboration and Alliances (5.5%). The survey further discloses that 4% of the entire sample firms do not adopt any of the open innovation approaches. This information points to the fact that these firms in the biotechnological industry have opted for closed innovation approaches for the growth of their company.

Majority of the biotechnological firms have been chosen to adopt a combination of different open innovation approaches. The most commonly used combinations of open innovation practices are that of Collaboration with Alliances and Intellectual Property Licensing-In with Alliances.

12.7.3 Firm Performance Analysis

The instrument is tried for reliability and the Cronbach's alpha which is found to be 0.912. The reliability values are observed to be acknowledged (Hair et al. 1995). The legitimacy of the instrument is done by specialists and they believe that the exploration instrument is legitimate. The pseudo-R-square for Nagelkerke is considered and is found to be 0.433, 0.333, 0.248, 0.362, and 0.354, respectively, for the

Table 12.4 Open innovation practices adopted by biotechnology firms in India

S. No.	Open innovation practices	Adoption %
1.	Collaboration	7
2.	Intellectual property licensing—In	1
3.	Intellectual property licensing—Out	0.5
4.	Alliances	2.5
5.	Spin-Off	2
6.	All of these	23.5
7.	None of these	4
8.	Collaboration, Intellectual Property Licensing—In	1
9.	Collaboration, intellectual property licensing—In, Intellectual property licensing—Out	4
10.	Collaborations, intellectual property licensing—In, Alliances	1.5
11.	Collaborations, Intellectual Property Licensing—In, spin-off	1.5
12.	Collaboration, Intellectual Property Licensing—In, Intellectual property licensing—Out, Alliances	2.5
13.	Collaboration, intellectual property licensing—In, Intellectual property licensing—Out, spin-off	2
14.	Collaboration, intellectual property licensing—In, alliances, spin-off	2
15.	Collaborations, intellectual property licensing—Out	2
16.	Collaboration, intellectual property licensing—Out, alliances	1
17.	Collaboration, Intellectual Property Licensing—Out, spin-off	3
18.	Collaboration, intellectual property licensing—Out, alliances, spin-off	1.5
19.	Collaboration, alliances	5.5
20.	Collaboration, spin-off	3
21.	Collaboration, alliances, spin-off	2.5
22.	Collaboration, intellectual property licensing—In, Intellectual property licensing—Out, alliances, spin-off	3.5
23.	Collaboration, intellectual property licensing—In, Intellectual property licensing—Out, alliances, spin-off, all	0.5
24.	Intellectual property—In, Intellectual property licensing—Out	3.5
25.	Intellectual property licensing—In, alliances	4.5
26.	Intellectual property licensing—In, spin-off	0.5
27.	Intellectual property licensing—In, Intellectual property licensing—Out, alliances	0.5
28.	Intellectual property licensing—In, Intellectual property licensing—Out, spin-off	3
29.	Intellectual property licensing—In, alliances, spin-off	1
30.	Intellectual property licensing—Out, alliances	2.5
31.	Intellectual property licensing—Out, spin-off	2.5
32.	Intellectual property licensing—Out, alliances, spin-off	1.5

(continued)

Table 12.4 (continued)

S. No.	Open innovation practices	Adoption %
33.	Alliances, spin-off	3

different factors of firm performance. This shows an extensive clarification of the logical factors on the dependent variable, i.e., firm performance due to open innovation practices. On testing the significance of the proposed hypothesis for the firm performance the value of significance is found to be 0.000, which indicates that the alternate hypothesis is not rejected. The results indicate adequate OLS regression in both hypotheses testing and results in interpretation. The chi-square value is found to be fit as per the overall model.

The existing literature proposes that firm performance may escalate because of variations in the skill composition of the workforce, i.e., human capital, or because of different kinds of innovations including process development, and non-technical innovations which can bring about making a more productive firm. With a specific end goal to get more results for firm performance, we control collaborations, intellectual property rights, alliances, and spin-off.

The results in Table 12.5 from the model shows a very strong influence of open innovation approaches on firm performance. It shows the various estimate β values

Table 12.5 Firm performance analysis

	OFP	PS	MPD	MS	Revenue
R& D external collaboration	0.188	0.277**	0.235**	0.464***	0.194*
Academic Institutions	-0.003	0.016	-0.039	0.021	0.009
Suppliers	0.271**	0.079	0.018	0.091	0.022
R&D labs	0.309**	0.085	0.102	0.218	0.458***
Customers	0.079	0.269***	-0.051	0.138	0.013
Trade Shows	0.063	-0.186*	0.064	0.163	-0.14
License IP	0.071	-0.013	0.152	0.069	0.132
Purchase IP	0.197	0.256**	0.156	0.286***	0.119
Sell IP	-0.054	-0.033	-0.074	-0.150	-0.055
Alliance	0.343**	0.255**	0.128	-0.030	0.200*
Spin-off	0.214	0.309**	0.331**	0.124	0.287**
Pseudo R ²	0.433	0.333	0.248	0.362	0.354
χ^2	98.796***	74.074***	53.134***	83.001***	80.908***

*** Indicates a 99% significance level, ** indicates 95% significance level, and * indicates 90% significance level

OFP: Overall Firm Performance; PS: Product Sales; MPD: More Product Development; MS: Market Share

of the open innovation approaches against individual variables of firm performance. This shows an extensive clarification of the logical variables that influence the adoption of the open innovation approach. It is observed that R&D external collaboration, collaborations with R&D labs, alliances, and spin-off are most likely to influence the firm performance. The results for R&D collaborations are in agreement with the results of earlier researchers (Belderbos et al. 2004).

The results indicate that supplier and client collaboration significantly influences efficiency development, while participation with colleges, research establishments, and trade show collaboration does not influence development in the market. New product sales are beside motivated by approaching information overflows (not because of joint effort) from clients and colleges and research organizations. The outcomes are sensitive to the slack with which development procedures are permitted to affect firm performance.

The outcomes affirm a noteworthy heterogeneity in the methods of reasoning and objectives of R&D collaboration with contender and provider participation concentrated on incremental advancements enhancing the profitability of firm performance (Klomp and Van Leeuwen 2001). The discoveries give qualified help to the idea that participating firms are for the most part occupied with larger amount innovative approaches (Tether 2002). This holds unequivocally for firms teaming up with colleges (e.g., to gain admittance to essential research) and contenders (to permit R&D for hazardous ventures), yet not for firms occupied with “vertical participation” with providers and clients.

Further, collaborations with suppliers, collaborations with customers, and purchasing of intellectual property made by firms may have an influence on firm performance. It can be seen that collaborating with academic institutions, collaborations with participation in trade shows, intellectual property licensing, and selling have no influence on the adoption of the open innovation approach as compared to the other approaches in the case of biotechnology firms. Further, participation in trade shows, a negative and statistically significant coefficient of lagged firm's performance suggests that firms with lower collaboration or participation in trade shows experience higher productivity growth, which could signal a potential catch up effect.

Intellectual property marketability represents a quality index for patents and other assets, fit for getting to be items invited by the market. The negative connection revealed with OI, can be clarified as industry-particular. The performance pointer is adversely connected to biotechnology and R&D intensity, however, may likewise be decidedly connected with firm size and firm age (Lamberti et al. 2016). The large majority of biotechnology firms in the survey are comparatively small and young when compared to other firms and industries. In fact, a predictable piece of their income is derived from open innovation exercises, for example, the collaboration of R&D administrations or the authorizing of their IP: 33.5% of the firms from the sample depend on intellectual property (selling, licensing, and purchasing). Such firms are typically in the loss and survive only from private investments and government contributions.

The negative pattern of the performance appears to demonstrate that increasing response to external sources of innovation affects the proficiency of organizations as a result of time spent in overseeing associations with partners. At last, sales and revenue are emphatically influenced by open innovation, and specifically by outbound practices. This finding is steady with different commitments (Chaston and Scott 2012; Hung and Chiang 2010).

The biotechnological firms in the Indian context adopt open innovation practices to a great extent. Collaboration and spin-off are two major practices whose adoption influences the firm performance. This study helps the managers to decide on the practices of open innovation that need to be considered by the firm. Hence, the adoption of open innovation practices helps biotechnological firms to enhance their firm performance.

12.8 Discussions

Previous investigations affirm that open innovation models have turned into an incorporated piece of organizations' innovation procedures (Enkel et al. 2009). Studies state that more huge organizations collaborate in R&D labs and this is steady with the discoveries of our investigation that uncover open innovation practices like collaboration. The results underline the significance of different types of collaborations crosswise over firm performance factors. Receptiveness towards academic institutions in R&D procedures has a positive effect on innovation performance and the firm's performance, as has been recently revealed in the writing (Belderbos et al. 2004).

Contrasted with existing experimental proof, mostly contextual investigations, another particular commitment of the examination is the individual firm performance factor premise, which not just incorporates broad practices but individual open innovation practices as specified by Chesbrough (2003) in terms of biotechnological companies.

With respect to the open innovation hypothesis, the primary relationship is predictable, be that as it may, is very astounding on the grounds that several collaboration approaches are stressed (Gassmann and Zeschky 2008). Based on it, our study found that the performance of the firm is influenced by open innovation practices like collaboration, intellectual property right practices, and alliance. Further, the result indicates that collaboration with R&D labs, collaboration with customers, and collaboration with suppliers help to improve the firm performance. Subsequently, intellectual separations can increment firm collaboration and block adequate shared comprehension of innovation openings.

In the perspective of the conflicts of past scientists, for firm performance, this examination saw open innovation practices to deal with firm performance basically related. These revelations are according to that of Lichtenthaler (2005), who found that outbound open innovation has facilitated productive results on firm performance. In the perspective of Chesbrough (2003) and related writing, this examination makes

multi-dimensional constructs and makes real scales to assess the estimations of open innovation. Differentiated from the U.S. firms or European firms, Asian firms have relative characteristics in technological data, while they are weaker in market knowledge (DeSarbo et al. 2005). This examination finds that Indian firms hold a watchful air toward open innovation since they just utilize this procedure at the underlying stage and need to gather extra involvement and learning in drawing in this technique. The study results concur with that of Lichtenthaler (2009), who found that technological disturbance unequivocally coordinates the association between outside innovation acquisition and firm performance.

Further investigation reveals the connection among open innovation process in an association's alliances and spin-offs and they strongly influence firm performance.

12.9 Managerial Implications

Open innovation approaches have a solid effect both on the limit with respect to novel advancement and on genuine development performance. It is the broadness of these practices— i.e. the scope of interfaces with the outer condition—that produces the constructive outcomes. An expansive based, all-encompassing way to deal with open innovation may give more noteworthy returns than a profound spotlight on a solitary viewpoint. Taking the outcomes together, what seems, by all accounts, to be most essential are the general techniques instead of individual measurements of open innovation.

12.9.1 Open Strategy

The study results help the managers to take a corrective decision on adopting an open strategy. As the results have indicated that open innovation leads to performance, the managers among the biotechnological firms can be affirmative about their action on open strategy.

12.9.2 Influence Leadership to Motivate Employees

A reaction to the trial of extreme capacity to utilize the two hands can be dealt with by sound relationship organization. In any way, specialist ought to modify among examination and abuse by investigating adequately from creation to commercialization. Moreover, it is the pioneer's commitment to find and fight the assurance from change. They need to persuade the specific staff that, in spite of the way that the methodology is consistently hard what's progressive, dreary, it is favorable.

12.9.3 *Intellectual Property (IP) Management*

Administrators ought to reexamine their demeanor towards IP administration and enable more transparency than they dear to. The writing recommends that there ought to not be any hesitance with respect to filling licenses; licenses are valuable instruments that can be utilized as a part of the support of Open Innovation. Receiving the standards of “Open science” or “free uncovering” might be to a great degree gainful for the organization.

12.10 Conclusions

This paper investigates the case of the biotechnological industry as it addresses a rich ground for the gathering of the open innovation logic. Contingent upon test review, a framework of examination has been delivered that perceives differing legitimate modes of open innovation through which biotechnological firms trade innovation and information. This system has been connected to an exact premise, which fuses data about the adoption of open innovation by the 200 Indian biotechnological industry firms. Biotechnological firms have for the most part impacted a wide and broad use of innovative collaboration efforts to help their new product development process.

The collaborations with R&D labs, alliances, and spin-off are adopted by Indian biotechnological firms and this has led to a significant increase in the firm performance of the company. The outcomes have implications for both theory and practice.

A promising path for future research could be an effective examination of the variables that have chosen the watched transient development in the various modes of open innovations received by biotechnological firms. Also, it could be fascinating to further investigate whether and how the organization of the sample, which incorporates just large product biotech firms, influences the results of the present analysis.

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Chapter 13

Crafting Micro-social Innovations: Insights from the Bombay Mothers and Children Welfare Society



Edakkandi Meethal Reji and Madhav Narayan Sathe

13.1 Introduction

Social innovation is an emerging field of research and practice (Choi and Majumdar 2015; Van der Have and Rubalcaba 2016; Van de Ven et al. 2008, Van de Ven 2017, Oeij et al. 2019). Social innovation is conceived as “new ways of creating and implementing social change” (Hochgerner 2011), “new ideas, services or systemic transformations that have the potential to improve outcomes” (Pol and Ville 2009), “new ideas about social relations and organization” to meet a common goal (Mumford 2002), “satisfying human needs through an empowering change in the relations between the local communities and their governing institutions” (Moulaert et al. 2005). Social innovations can cut across sectors. Drawing insights from multiple disciplines (Sociology, Welfare Economics, Entrepreneurship, etc.) Choi and Majumdar (2015) had identified three major uses of the concept: social innovations as social change, social innovations as intangible innovations, and social innovations that aim at social value creation. According to Choi and Majumdar (2015), innovation is identified as social innovation based on three constituent aspects—formalization, change process, and social outcome. Social innovations need not be unique or original but it should be new to the field, sector, market, region, or user, or be applied in a new way which never existed before. In the change process, social innovations are expected to be more effective than existing solutions. There should be a measurable improvement in outcome in terms of quality, user satisfaction, rates of adoption, or reduction in costs or level of impact created. Social innovations are also expected to meet social needs. Identifying social innovation to meet social needs is a deficit-based approach since we are only looking at what the community lack.

E. M. Reji · M. N. Sathe (✉)
Mumbai, India
e-mail: sathe.madhav@gmail.com

E. M. Reji
e-mail: reji.edakkandi@tiss.edu

However, it is suggested that we can use an asset-based approach also in social innovations, which focuses on what the community has at their disposal, or both should go hand in hand. Social innovation also enhances society's capacity to act by establishing new power relations, improved use of resources, or increasing sociopolitical capabilities.

Social innovation is a novel solution to a social problem for which the value created accrues primarily to society as a whole rather than a private individual (Phills et al. 2008, p. 39). It is viewed as a process (sometimes complex) involving three sequential phases—*invention, development, and implementation* (Garud et al. 2013). Mulgan (2007) defines social innovations as innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organizations whose primary purposes are social. Social innovations are contextual and cut across all sectors and fields. Mulgan (2007) identifies three characteristics that make up social innovations: (i) social innovations are usually new combinations or hybrids of existing elements, (ii) putting social innovations into effect usually involves cutting across organizational, sectoral, or disciplinary boundaries, and (iii) social innovations leave behind compelling new social relations between previously separate groups. The Young Foundation (2012) view social innovations as new solutions that simultaneously meet a social need and lead to new or improved capabilities and relationships and better use of assets and resources. Social innovations can be in the form of new products, new services, new processes, new markets, new platforms, new organizational forms, and new business models (Schubert 2018).

Mulgan (2007) provides a stage model for the innovation process. The first stage involves understanding the social issue which is not addressed and identifying the potential solutions to tackle it. There can be various potential sources for societal needs; each of them has to be tied with new possibilities. New possibilities may be technological; it may also derive from new organizational forms or new knowledge. New social ideas can also be a combination of old ideas that are not new entirely. The second stage is developing, prototyping, and piloting ideas. Ideas may fail, but many failed idea gives the new direction which will succeed. The third stage is assessing the idea then scaling up and diffusing good ones. The final stage is learning and evolving. It is also important to note that important innovations follow a zigzag manner with the feedback loop associated with many stages. This shows the significance of networks and clusters in innovation. This also indicates that innovation cannot be prescriptive. Commercial markets can also act as a developing route for social innovations sometimes. It starts with production and consumption within a gift economy and later gets adapted to niche markets; finally, it will be transferred to the mainstream with investment from larger companies.

Social innovation is understood as a means to empower people and drive social change. New technologies are enabling social innovations to be open and collaborative. It increases the capacity to come together and create better solutions. Co-production is put forward as another feature of social innovations. In many cases, boundaries between consumers and producers are blurred. For example, organizations like cooperatives and credit societies gained importance recently for their

impact on improving people's lives. These experiences show that individual or collective well-being can be achieved through mutual dependence. Social innovations can create new roles and relationships, it uses assets and resources to the optimal potential and it also develops assets and capabilities within the community. Successful innovations require understanding the organizational process and the context that makes innovation work. Seelos and Mair (2012) suggest that it is high time for social sector organizations to move from considering innovation as an outcome and treating it as a process.

Van de Ven (2017) presents a process model—the innovation journey, which follows a nonlinear cycle of divergent and convergent activities. This model suggests that the innovation development journey begins at random, transitions to chaotic, and ends in orderly patterns of behavior. This process undergoes three identifiable phases: invention, development, and implementation. The first stage emerges from the “shock” from the internal and external environment triggering scouting of resources and organizational plans. During the developmental stage, efforts are directed to transform the ideas into concrete reality. In this stage the, initial ideas proliferate into multiple ideas and activities and emerges as a multi-stakeholder endeavor that follows different paths. In the third stage, the innovation is adopted and institutionalized as an on-going program, product, or business. (Van de Ven et al. 2008, Van de Ven 2017, Oeij et al. 2019).

Despite these recent efforts to define, conceptualize what constitutes social innovation, the concept remains ambiguous with multiple definitions, varied research settings, and knowledge overlaps. We know relatively little about the innovation process in different organizational settings. Most studies are based on variance theory approach examining the causal antecedents and consequences of organizational innovativeness (Huber and Van de Ven 1995). The complexity of understanding the innovation process arises because of multiple factors including multiple levels of analysis, diversity of social actors and material events, inter-temporal events, and cultural dimensions (Van de Ven 2017). Further, social innovation is treated as a subset of mainstream innovations research field that is largely focused on technological innovations in manufacturing. Social innovations differ from innovations in management and technology context. While innovations related to management and technology are focused on profit and commercialization of business, social innovations largely focus on creating social value (Phills et al. 2008). The decision logic of creating successful social innovations remains relatively unexplored. This paper seeks to answer the question of how does a social entrepreneur craft social innovations and solve complex social problems. The paper is organized into the following sections. The second section describes the methodology for the study. This is followed by a description of the case of BMCWS followed by a discussion on key learning and insights.

13.2 Methodology

This study adopts a qualitative approach involving a case study of a social entrepreneurial venture. A single case study method can be useful for studying in-depth a social phenomenon in its real-life context (Yin 2003). This study is based on the Bombay Mothers and Children Welfare Society (Mumbai, India). The organization is selected based on its uniqueness and suitability for studying the decision-logic involved in crafting social innovations within the organization. The Bombay Mothers and Children Welfare Society is a social enterprise, established in 1919 in Mumbai. BMCWS has three low-cost ultramodern hospitals which are located in Mumbai, Rajgurunagar, and Bhiwadi. The Rajgurunagar hospital provides modern medical facilities for the people at affordable prices. The organization also undertaking health and hygiene programs in rural areas, free medical camps, and distribution of deworming tablets in addition to their regular health services. BMCWS made a significant contribution to the development of education in rural regions of Rajgurunagar. The organization started renovating government schools and equipped them with necessary teaching aids and facilities. With the effort from BMCWS, many schools are electrified and facilitated with the digital self-learning curriculum. BMCWS introduced innovative programs like mobile computer labs, a nutrition program for children, vocational computer training program for the development of education in the region. BMCWS also undertaking rural development initiatives through projects like rural electrification, reverse risk mitigation programs, and water supply schemes.

The study used interviews, observations, and textual analysis as methods for data collection. The data collection began with an interview with the Secretary of BMCWS. The initial interview focused on gathering data on the vision, mission, target groups, and programs of the social venture. This was followed by two rounds of interviews to understand the strategic decision making in the organization. The data collection also involved interviews with program coordinators. to get an in-depth understanding of the implementation process, community participation, and their perception of program outcomes. The data analysis involved a two-step process. The first step in the analysis was developing a detailed case description using the field notes and data. In the second stage, the data collected through interviews and other sources are analyzed by using qualitative content analysis (Schreir 2012). The process involved, developing a coding frame, segmenting the materials, and creating themes for analysis.

13.3 Case Study of Bombay Mothers and Children Welfare Society

The Bombay Mothers and Children Welfare Society (BMCWS) is one of the oldest social welfare organizations in Mumbai, India. Founded in 1919 by Dr. Bapusaheb Mhaskar, it was registered under the Societies Registration Act, 1860 and the Bombay Public Trust Act, 1950. BMCWS provides low cost and affordable healthcare and daycare facilities (for children) for people from lower income groups in Mumbai. The Trust had five hospitals, four daycare centers, and over 100 staff including doctors, nurses, and paramedics. It had earned remarkable goodwill and trust among the public. However, after the death of the founder, Dr. Mhaskar, it faced troubles leading to erosion of reputation and long-pending litigation in the High Court and Labor Tribunals (case filed by the labor union) which went against the Trust. The long years of litigation and neglect of the management have further deteriorated the hospitals and other institutions. The hospital occupancy rate went down to a great extent badly affecting the financial condition.

Following a court intervention in 1985, Dr. Madhav Sathe—a young practicing doctor in one of the hospitals of the Trust took over the management of BMCWS. Dr. Sathe devised a process for the turnaround of the Trust and its hospitals. The vision was to create low cost and affordable ultramodern hospitals and crèches. Having no financial resources of its own, one of the options was making use of philanthropy. Bombay was well known for its philanthropic work, thanks to several wealthy individuals and industrialists from the city. To its advantage, the Trust had a good reputation for its past work. On this strength, Dr. Sathe could convince one of the prospective but reluctant donors to agree on an interest-free loan for renovating the hospitals. To begin with, one hospital was shut and converted into a cancer patient convalescent home. In those days cancer treatment in the city was available only at the Tata Memorial Hospital. This hospital was flooded with patients from distant places across the country. The patients and their relatives need to stay on the streets and pavements and continue treatments. In reality, many could not withstand these hardships and were forced to return without completing the treatments. The idea of the renovation of the hospital was to provide space for short-term accommodation for these patients and their relatives. Using this facility, close to 100 patients can be given accommodation until they complete the treatment. The Trust charged a very nominal amount as a rental for this service following a differentiated payment mechanism depending upon the financial condition of patients.

Inspired by the success of the cancer patient's convalescent home, the next step in the agenda of turnaround was the transformation of the daycare centers. Although the city had several daycare centers, these were not affordable for lower income families. A daycare facility for the children at an affordable cost is most helpful for low-income families as both parents need to work for earning a decent income. Despite providing a safe place for their children while they are at work, it is also important for the cognitive development of the child at the formative age. Hence, the parents would not be hesitant for spending a portion of their earnings on their

children's care. Realizing this need and its potential for revenue generation for the Trust, Dr. Sathe persuaded a donor for financial support in the form of an interest-free loan of INR2500000 for the construction of a daycare center. The Parle daycare center was also renovated with the support of another donor.

The long years of neglect of management had eroded their motivation and spirit. They lacked ownership and were under the influence of labor unions. During the 1970s and 80s, Mumbai city witnessed one of the most militant trade union movements followed by the textile mill strikes which further extended to several other sectors. An important area that required immediate attention was the nurturing of human resources. BMCWS adopted a very humane approach for nurturing its workforce. The interventions focused on identifying and nurturing their inner potentials. The workers were trained on operating computers, telephone, fax, hardware maintenance, and developing their social skills. Some of them have become X-ray technicians and ward attendees with effective social skills. The Trust administration was also streamlined to facilitate direct communication between the management and workers. This strategy worked well. Over a few years, the workforce has become more productive and having a sense of ownership and self-worth. Dr. Sathe recalls the transformation... "The result is that the boys who joined as watchmen are now working as computer technicians who execute all computer-related works in the organization including the RFID cards for children in the crèche, software for hospitals, and e-learning packages for rural schools. Similarly, some of the boys who joined as gardeners are now computer teachers and also very effective social workers; a watchman is now a hospital manager with adequate computer knowledge and people skills."

The last three decades in the history of BMCWS was a remarkable story of a turnaround. It runs three hospitals, two cancer patient convalescent homes, and four daycare centers. As envisioned, the hospitals were transformed with ultramodern facilities and committed doctors and medical staff. These hospitals are low cost, affordable and also offer quality healthcare facilities for the lower and middle-income population in the city and rural areas of Rajgurunagar. All daycare centers are equipped with modern facilities and learning aids providing quality daycare facilities for over 10000 children. All the teachers were trained under the Montessori methods of instruction. All of them have facilities such as computer labs, audio-visual equipment, and playgroups that provide an environment for early childhood development. This had improved the financial condition of the society (Appendix Table 1).

The improved financial condition allows BMCWS to spearhead several social innovations in the rural areas of Rajgurunagar. The interventions began with the implementation of the modified reproductive and child health (RCH) project—a government-supported project for creating awareness of reproductive and child health issues in rural areas. The project activities comprised conducting rural health camps, awareness creation on family planning and use of birth control measures, prevention, and treatment of sexually transmitted diseases, child care, and parenting issues. After completing their work in the RCH project they used to conduct video shows based on Aesop and Panchtantra fables in rural schools. The reality is that the state government had established schools in almost all the tribal villages. But these schools were in a

dilapidated condition; the attendance in schools was very low, there was no effective learning and the dropout rate was very high. The parents were also unwilling to send their children to these schools as they found no value. One of the motivations for working on video shows in schools was to motivate the children in their learning. These were a hit in rural schools and brought the project team closer to the teachers and parents.

BMCWS has initiated an e-learning project for the tribal schools in Rajgurunagar. The project team developed e-learning modules and installed the e-learning units (computers and projectors) in rural schools. All the teachers were trained in using e-learning modules. With the introduction of e-learning modules, the children can use them even after-school hours. Besides, the schools were renovated and painted attractively with the involvement of teachers, parents, and the community. The e-learning modules made learning more joyful and attractive for the students. The parents noticed positive changes in their children and they were keen to send their children to the schools. Now all the schools have 100 percent attendance and better learning outcomes. The educational interventions covered 104 primary schools and 24 secondary schools. This has created a new public-personal-partnership in which an individual or group of individuals come together to support e-learning in the tribal schools. Besides this, BMCWS also runs a computer literacy program. For this, it received 100 refurbished computers from the Tata Consultancy Services (TCS) Ltd. With this support, BMCWS had established a computer lab using 30 computers and the rest of the computers installed in the rural schools. The computer lab has trained more than 3000 students in basic computer skills.

BMCWS is implementing an innovative nutritional support program for tribal children. Despite having the government providing mid-day meals to all primary school children, almost 90% of tribal children had very low Body Mass Index (BMI). This is because the children remain hungry for long hours without sufficient breakfast till mid-day. The Trust started filling this gap with a breakfast at 9 am. Teachers collect the weekly quota of food items from the office of BMCWS every Monday morning. The food consists of—one banana, Jiggery, and groundnut laddu, and biscuits. The idea behind the exercise was to enhance the caloric value of each meal. This initiative has favorably impacted the health of the children. Besides, it provides vocational training for young people in rural areas which enhances their skills and helps them seek meaningful employment or set up their self-employment ventures. Over the last four years, it had trained more than 3000 women from 39 villages on various vocational skills, including computer hardware maintenance, tailoring, sanitary napkins, agriculture, nursing, and paramedics. Some of these women have set up their enterprise in garment making with affective market linkages. This unit employs 30 women and stitch all the clothes required for the hospitals under the Trust. A sanitary napkin production unit has also been set up by 12 Tribal women. They also work on creating awareness and training of women and children on health and hygiene and the use of sanitary napkins.

13.4 Findings

13.4.1 Strategic Orientation

BMCWS used several innovative approaches for its turnaround and making it a self-sustainable social venture. Central to this strategy was combining philanthropy and social entrepreneurship and a quest for self-reliance. BMCWS had spearheaded several social innovations and started scouting for resources for its execution through wider community participation. It used micro innovations such as “interest-free loans,” and “staggered grants” for mobilizing financial resources. In an interview, the secretary of the society said that “In Mumbai, mobilizing donor funds was not that much difficult because the city has the most benevolent and wealthy families. In the beginning itself, we do not want to create perpetual dependence on donors. We had reasonable goodwill and assets and hence, we leveraged this strength for securing “interest-free loans” from donors instead of grants. We were convinced that the loan amount could be repaid out of the revenue we generate. The donors are also happy to see that their money has been used for a social purpose and generating social returns and 100% of that is coming back to them which can be used for other social investments.”

BMCWS is a case in sustainable enterprise creation as well. BMCWS illustrates this by creating low cost and profitable hospitals and crèches and spearheading several social innovations in rural areas. It generates a substantial portion of the revenue from the hospitals, cancer patient convalescent homes, and daycare centers. At the same time, all of these remain low cost and affordable to low-income people. For example, a cesarean procedure at the BMCW hospitals would cost only INR8000 while the cost in other hospitals is close to INR50000. Although it charges lower fees these are not subsidized, explains Dr. Sathe. “The profit earned from a unit is used to make other operations sustainable. This not only makes the organization financially sustainable but also gives elbow room to make other social investments creating a positive vibe among all stakeholders. The investors and other stakeholders will be more comfortable to support enterprises with viable business models. When social enterprises are financially sustainable and mature, they can use their investments for creating sustainable social change. More importantly, growth and impact become accelerated and exponential.”

13.5 Walking the Last Mile with the Government—Filling of a Gap

The experience of BMCWS demonstrates that a non-profit social venture can create a larger impact through working with the Government. BMCWS implements several innovative programs in rural areas—under the banner of walking the last mile with

the government. By adopting innovative methods for problem-solving, these initiatives bridge the gaps in the government-led programs. This also illustrates that an organization doesn't "re-invent the wheel" for creating sustainable social change. A glaring example is its educational interventions in rural schools. "The government has created schools and provided teachers in inaccessible areas, where we do not imagine human settlements possible. However, neither the community nor the government can maintain them. In many of the schools teaching aids are missing; the teachers are absent and leading to poor learning, and students drop out. So, we took it upon to make them functional. We took the help of local talent to make them more attractive by painting lovely picture stories on the walls of these schools, we supplemented the mid-day meals by introducing breakfasts, provided e-learning with an animated and digitized curriculum in about 128 schools. These have shown excellent results in community involvement, improved health of students, increased school attendance, and learning outcomes. A recent assessment conducted by BMCWS reveals that all schools that have introduced e-learning have shown 100 percent attendance and improvements in learning as compared to that of children from other schools in the rural areas," explains Dr. Sathe.

13.6 Creating Grass-Root Leadership

BMCWS focuses on developing grass-root leadership for solving social problems. The following examples illustrate this. While working on a computer literacy program in rural schools, BMCWS felt that finding a computer teacher is most difficult in rural areas for two reasons, first lack of trained people and second the lack of motivation of people from outside to work in rural areas. They understood that this problem can be solved only through training of the local people and developing their capacities to work. Given this insight, BMCWS has introduced a vocational training program in the computer. Mr. Prashant was one of the tribal boys who enrolled in the computer training program. Being a resident and one of the members of the tribal community, Mr. Prashant was motivated to become a teacher for the mobile computer van, a newly designed program BMCWS was introducing in rural areas. For this project, a mobile van was equipped with six computers and a seating arrangement and equipped with batteries for charging the computers. The idea was to take this vehicle to rural schools and provide training to the students. As appointing a driver as well as a teacher was costly, Mr. Prashant was given training on driving the mobile van and was entrusted with teaching the students. For the last six years, Mr. Prashant drives this vehicle to remote tribal schools and teaches the students the basics of operating a computer. Each student gets a minimum of 20 h of training on computers. All students in a school are provided training in five–six visits and the vehicle moves to the next school. Mr. Prashant is more than a teacher for the students, as he is from the same tribal community as of children, it is easier for him to interact and make a connection with them. BMCWS used a similar approach for painting and electrification of rural schools. It helped a young person from a rural area to work

on his venture idea. As a graduate of Fine Arts, he was interested to set up a venture on painting public spaces with the support of interested parties and was wanted to test this idea while working in rural areas. He proposed that he will paint a few rural schools by mobilizing resources on his own. BMCWS provided mentoring and networking support for establishing his venture. During the period he worked on his venture idea he and his team had painted more than 15 rural schools and later established a venture that does similar works in urban areas. Now he is a full-fledged entrepreneur. Similarly, BMCWS has provided facilities for a young graduate of IIT Kanpur to test the feasibility of setting up a pilot venture on the electrification of villages by using solar energy. BMCWS provided incubation support for six months and while they worked in rural areas they had set up solar electrification units in several rural schools. His work was recognized by various organizations, and their venture had selected for the National Entrepreneurship Award in 2019.

13.7 Stakeholder Engagement and Commitment

BMCWS is also a case in point for an effective stakeholder engagement process. All the project ideas were discussed with the community members and they were implemented with their involvement. The idea was to get peoples involved and instill a sense of ownership of the projects. For this, BMCWS makes use of existing institutions such as Grama Sabha, user groups, and associations. All the projects are first discussed in the Grama sabha meetings and the villagers decide to take up the projects. BMCWS just facilitates the process by helping the community by mobilizing funds and other resources. They contribute through voluntary work as well as a monetary contribution. The monetary contribution is kept very low considering the financial condition of the people. For example, the supplementary nutrition program in rural schools was implemented with the support of teachers, parents, and community members. For this project, BMCWS has mobilized financial resources from individuals and donors. A small portion is contributed by the community members. The teachers collect the food materials from a central point regularly and distribute them to the students of all rural schools. Another example of the project which had wider participation of the community is the solar electrification of villages. This project began as a pilot venture of an IIT Graduate student, Mr. Armeya Sathe who approached Dr. Madhav Sathe for seeking permission for implementing his project in the hospital of BMCWS. Mr. Armeya explained that his project will work in a way that there is no investment required from the organization, instead, they pay him back the amount saved from the payment of the electricity bill for a specified period. Dr. Madhav Sathe suggested him to do this project in rural areas than hospitals in urban centers as he proposed. Mr. Armeya and the team began the project in rural schools. Along with BMCWS staff, they visit rural schools and explains the project, and motivate the teachers to implement the project in their schools. The total cost for the installation of a solar panel in a school is approximately Rs.30000. The teachers mobilize Rs5000 from the community for installing the solar panels and equipment

and BMCWS provides the remaining amount. Besides, the schools collect ten rupees from every child in a month that is used for meeting the expenses for maintenance and repairs when needed. Mr. Armeya and his team had implemented solar panels in 128 rural schools. A similar approach was adopted by BMCWS for the implementation of computer training in the schools, providing drinking water facilities and construction of toilets and playgrounds, etc.

13.8 Discussion

BMCWS has crafted several micro-social innovations for tackling organizational and social problems. At the organizational level, these innovations formed part of the strategies for mobilizing financial resources (interest-free loans, deferred grants), nurturing human resources, revenue generation, reducing costs, and improving efficiency. Besides, it had also spearheaded several innovations in rural areas for solving social problems. The innovation follows a non-linear process (van de Ven 2017) and akin to effectuation—a *decision logic in entrepreneurship* processes by balancing the goals with the resources and actions (Sarasvathy 2001). The innovations emerge in response to social and organizational problems through a process of “learning by discovery.” Core to the decision logic is the belief that the problems are best understood by the people affected by them, hence the first step in problem-solving is to make the people aware of the problem, its causes and how can it be solved. It is followed by scouting of resources and organizational strategies. This is achieved through a participatory process involving the village leaders, representatives of the people, and the community as well. This participatory process is found to be effective in understanding the complexity of social issues, their interconnectedness, scouting of resources, and crafting solutions with greater community engagement and participation.

The innovation process is rooted in the strategic orientation of reducing costs, improving efficiency, and a quest for self-reliance. Further these are incremental and largely focuses on creating social value rather than creating profit and commercialization of business (Phills et al. 2008). They had incorporated a business-like approach to philanthropy and propelled innovations like “interest-free loans” and “deferred grants” for resource mobilization that are unheard of in philanthropy a decade ago. The donor grants are prudently used for income generation and making the organization self-reliant. As the organization can generate a substantial portion of revenue from these donor-supported projects (crèches, hospitals, and cancer patient convalescent homes) it was able to reduce the dependence on donor grants at a later stage. By combining social entrepreneurship and philanthropy, BMCWS illustrates that [strategic] philanthropy can be a game-changer for addressing many of the complex social problems that are dynamic, nonlinear, and counter-intuitive (Kania et al. 2014).

BMCWS also illustrates the advantage of working with the government for creating large-scale social impact. By applying the innovative concept of “walking the last mile with the government” it has created a new form of public-private

and community partnership and making government institutions (for example, rural schools and village panchayats) more responsive to the needs of the people and making them work better for the people. Besides, some of the innovations are directed toward creating grass-roots leadership. For example, mobile computer learning, and incubation support for rural enterprises. Innovations like these are akin to the emergence of a new “solution economy” that represents not just an economic opportunity, but a new manner of solving entrenched societal problems (Eggers and Macmillan 2013). These micro-social innovations are possible because of the participation of the users in the innovation process. This wide-spread participation makes social innovations to be open and collaborative for creating better solutions. The community leverages the strength of existing institutions such as grama sabhas, user groups, and associations, and improves the capacity of the people to come together. Such innovations not only strengthens the institutions but also improve service delivery.

13.9 Implications for the Practice and Conclusion

With the help of the case study of Bombay Mothers and Children Welfare Society, we had illustrated the decision logic (thought process) of the social entrepreneur for producing micro-social innovations. These are low cost and rooted in the strategic orientation of reducing costs, improving efficiency, and a quest for self-reliance and emerged as a process of “learning by discovery” and “effectuation.” They are proved to be successful in the turnaround of an ailing social organization and spearheading social change in several Tribal villages. It also helped in engaging a large pool of professionals both in the corporate and government for bringing social change in these villages. Such micro-social innovations can contribute to the development of social entrepreneurial ventures and crafting strategies for social change.

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Glossary

Business Model Business model defines the business rationale for creation, delivery, and capture the value. The business model provides ways for an enterprise to deliver value to the customers, entice customers to pay for the value, and convert those payments into surplus or profit.

Business Model Canvas The concept of business model canvas defines business model using nine components: customer segments, customer relationships, distribution channels, value proposition, key resources, key activities, partners, cost structure, and revenue streams.

Bottom of the Pyramid The bottom of the pyramid customer is defined as those with a Purchasing Power Parity of less than \$1,500 per year.

Collaborative Value Collaborative Value Creation (CVC) is a comprehensive and robust multidimensional, multilevel and inclusive treatment of the conception, creation, and capture of value.

Corporate Entrepreneurship The process by which an individual in association with an existing organization, create a new organization or instigate renewal or innovation within that organization, is called Corporate Entrepreneurship.

Corporate Social Responsibility Corporate social responsibility can refer to any effort to improve a company's environmental and social impact. Companies can deploy CSR efforts in a piecemeal way, or as part of a broader program.

Decision logic Decision logic refers to a process in entrepreneurial decision-making. There are two broad decision logics, namely causation and effectuation in entrepreneurial decision-making. Effectual logic is about redrawing the problem space and reconstituting existing realities into new opportunities, whereas causal logic involves the discovery and exploitation of existing opportunities within a given problem space.

Effectuation Effectuation is a decision logic applied in entrepreneurial decision-making. The focus is on using a set of evolving means to achieve new and different goals. Effectuation evokes creative and transformative tactics. Effectual logic is the name given to heuristics used by expert entrepreneurs in new venture creation.

Entrepreneurship Entrepreneurship is all about identification of an opportunity, creation of new organization, and pursuing new ventures.

Indigenous Entrepreneurship Indigenous entrepreneurship is taken up within a particular cultural context as a form of self-employment with the involvement of stakeholders like entrepreneur's family and extended family of the indigenous people.

Innovation Innovation literally means "renewal" from its Latin root. Innovations are ideas and inventions if they are adopted in form of new products, services, and methods. The central elements of innovations are the invention, adoption, and diffusion of innovations.

Open innovation It is the purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively.

Patient Capital PC as equity or debt whose providers aim to capture benefits specific to long-term investments and who maintain their investment even in the face of adverse short-term conditions for the firm.

Quadruple Bottomline It is an extension of the concept of the triple bottom line which details the importance and benefits of looking beyond the profit and loss statements of any enterprise to express value creation. This fourth bottom line goes by several names—some authors use the term "purpose", whereas others use "culture", some "progress" or "governance", or even "spirituality" depending on the different sectors of their operations.

Shared Value It is the policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.

Social Business Social business comprises of elements of both for-profit and non-profit sectors. It has a major overlap with for-profits in the sense that it is a venture in which profits are made for the business and not for its owners.

Social Entrepreneurship Social entrepreneurship is often defined as entrepreneurship that produces products and services to cater to social needs that underlie sustainable development goals. The concept of Social Entrepreneurship has evolved as a means of creating social value which can generate welfare of marginalized section of the society. Social mission is the central point in the social entrepreneurship framework.

Social Enterprise It aims at finding a solution to a social problem or creating a social impact by creating an enterprise. Dual value creation—social value *and* economic value, is a necessary condition for sustained operations of a social enterprise.

Social Innovation Social innovations are new ideas and practices, which help meeting social goals and which help to solve social problems.

Strategic Philanthropy Strategic philanthropy refers to combining philanthropy with the strategic advantage of the business and value creation. In practice, it involves four approaches to creating value—selecting grantees, signaling others, improving the performance of nonprofits, and creating and disseminating new ideas—are mutually reinforcing, and their benefits are cumulative.

- Supply Chain** It is primarily modeled as a multi-echelon inventory problem—a complex decision involving several considerations, including the choice of the right configuration. Four configurations of the supply chain are based on supply uncertainty and demand uncertainty—efficient, responsive, risk-hedging, and agile.
- Sustainable Development** It addresses the most basic human condition well-being and our position in nature. It demands maintenance of intergenerational well-being.
- Sustainability** The concept of sustainability is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
- Triple Bottom Line** Businesses moved from traditional financial indicators to encompass measurements of their economic, social and environmental performance. This is known as the triple bottom line (TBL).
- Value Creation** Change in the negative socioeconomic norms is called Value creation. It could be economic value creation as well as social value creation.
- Value Proposition** It is associated with the values an entrepreneurial setup delivers to customers in order to satisfy their (customer) needs with an intention for best serving the customers.