

“Whither Social Enterprises (SEs)?”

VAF conference August 2018

Summary* of discussions

Introduction

This note is a summary of the discussions in the session “Whither Social Enterprises?”

A detailed agenda for the session is attached at the end of this note. We have also separately uploaded on the VAF website all the papers presented in this session by the speakers and the PPTs used by them. The session had **two parts**: In the first part, there were presentations by four researchers. Girish Sohani, Chairman of BAIF, chaired this session. In the second part, there was a panel discussion consisting of researchers and practitioners. Manoj Kumar, Co-founder and CEO, Foundation for innovation and social entrepreneurship (FISE) chaired the panel discussion.

Part 1

Presentation of papers

The session began with a presentation by Ajit Kanitkar. He traced the history of the evolution of the concept of SE beginning with a 1970 position articulated by a leading Economist, arguing that private business has to solely exist for the purpose of generating profits for and on behalf of their stakeholders that is shareholders. The discourse has come a long way from 1970 to 2018 from that narrow definition of a business to the latest proposition of Prof Yunus where social enterprises are expected to tackle the problems of poverty, unemployment and environmental destruction. Kanitkar acknowledged the fact that while there are numerous publications by both practitioners and academicians, there is still no consensus on ONE single definition of what is a Social Enterprise. However, amongst the diverse literature, there is an emerging agreement that SEs attempt to address social cause and business is a means to achieve those goals. The purpose precedes profit. He mentioned some examples of IDE, BASIX and Arvind eye care in the Indian ecosystem. He presented the outline of the proposed research being carried out by VAF in 2018-2019.

Prof Satyajit Majumdar from TISS presented reflections and learning over the last ten years of TISS's work in the incubation centre at TISS and researching social enterprises and building knowledge. Prof Shambu described the journey of the Institute of Rural Management Anand IRMA's incubator which is an early stage incubator. He emphasised that there is still a vacant space to work for rural and tribal entrepreneurs. He highlighted the need to view SEs beyond the narrow lens of technology, information technology (IT) and digital alone. There are many more diverse activities happening in rural India, and it will be wrong to equate SEs with technology and IT alone. Prof Madhukar Shukla of XLRI presented how as an institution they arrived at the idea of organising the annual National Conference on Social Entrepreneurship at XLRI Jamshedpur. The conference over nine years provided a platform to over 200 social entrepreneurs to share their experiences and form partnerships with other stakeholders thus strengthening the SE ecosystem.

After the presentations, the speakers were asked to respond to the following questions:

- When would you call an enterprise, not a social enterprise?
- What is the sustainable model for social enterprise at village level?
- Why is the need for a separate ecosystem for the SEs and how can such ecosystem help to entrepreneurs?
- Some NGOs are also social enterprises. What is the difference between NGOs and social enterprises?
- What does it mean by tribal entrepreneurship?

Following is the summary of the responses to the above questions, not necessarily to individual questions but as reflections on the issue raised through the questions and summing up by the Chairperson of the session.

- Businesses are becoming social, and NGOs promoted for undertaking social work are getting engaged in commercial/business activities!
- **Increasingly, there is a greater emphasis on the social accountability of business.**
- The purpose is more important for any enterprise to be called as SE. When the purpose of an enterprise is to address a social deficit, it is an SE. SE attempts to achieve this goal of overcoming deficit through a revenue model (business) and hence SE is a blend of cause and profitability.
- **There are three clear dimensions: financial return, social good and environmental gain. Any business and SE has to position itself on all the above three dimensions.**
- **There is a continuum between grants and capital for investment in a business. It is not a black and white phenomenon.**
- Rural space is diverse and big; there may be different models for social enterprises at village level based on needs and available resources at the village level.
- Ecosystem supports an entrepreneur in many ways. Through the ecosystem, one can draw upon several critical support be it in finance, mentoring, networking and marketing. Lack of adequate players in the ecosystem might affect the SEs in their growth.
- Academic institutions are playing an important role in the ecosystem; through research and knowledge building as also dissemination.
- One can argue that NGOs are also social enterprises but the major difference between NGOs and SEs is that the NGOs are almost perpetually dependent on grants. SE has a revenue model though it might receive some start-up grants at the early stage. For the SE, the growth direction is always towards achieving financial sustainability.
- Tribal community is isolated, but they have many skills and possess indigenous knowledge. We need some entrepreneurs from the community as a role model to showcase this knowledge and skills.

Part 2

Panel Discussion

This part of the session was titled as “Social enterprises in practice: Dialogue between social entrepreneurs and researchers”. The list of participants in the panel discussion has been given at the end of this note. Ajit Kanitkar moderated the discussion.

Anjaney shared their journey of Krishi Pragati Foundation and how it began its functioning to connect vegetable farmers with the urban market. Krishi Pragati Foundation is working with 3000 farmers of Maharashtra and providing market linkages for a better price. The SE believes that farmers are entrepreneurs in the villages and are taking risks every day. The SE attempts to ensure that the entire produce of the farmers is procured and marketed rather than just A grade select supplies. Vanita explained the business model of Kamal Kisan – an SE in Karnataka providing farm equipment to small farmers for agricultural operations. Kamal Kisan is in the business of manufacturing agriculture machinery at an affordable cost. This initiative is working for small and marginal farmers aimed at supplying drudgery reduction tools. Tara shared her observations on Milk Mantra, a dairy enterprise that emphasises ethical milk procurement and marketing. Milk Mantra is located in Odisha. They have dairy processing plants, and they work to develop innovative packaging formats and dairy products for their urban consumers. Usha narrated her learnings from researching the initiative in beekeeping, Under the Mango Tree. Under the Mango Tree (UTMT) is in beekeeping and production and marketing of honey. They are improving the lives of marginal farmers and also advancing sustainable community-based beekeeping with native bee.

After the initial comments and introduction of social enterprises that are being studied, discussions began. The discussion focussed around initial investments in the SEs, challenges, need of the hybrid model, market linkages, how to measure the impact of the SE contributions, need for mentoring support and requirement of the business model.

Following are the key points that came up in the discussions:

- Entrepreneurs are at the centre of the ecosystem. If the purpose of the enterprise is to solve any social problem, then only FISE looks at the overall idea of the enterprise. The proposed social impact is the starting point in their discussions and NOT the financial model.
- SEs usually are seen fighting individual battles. Having a team of promoters or co-founders is useful. Co-founders bring in different skill sets required to run a business.
- In the initial phase, a social entrepreneur should not be worried about profit. Reinvestment of money in the business is essential.
- Investors usually demonstrate patience while investing in a regular commercial business. Why is the same behaviour not exhibited when investments are made in SEs?
- In all SEs, while profitability is important, positive CASH flow is critical. That alone would endure sustainability.
- In a hybrid model, initial grant support from philanthropy and or investor is very much important. One of the SEs narrated that private investors were not very keen to support for capacity building of farmers and their training which is very important for the sustainability of the enterprise. The investors prefer their money to be used for ‘business’ activities and not necessarily for the foundational work much needed to strengthen the backend of the business.
- Managing expectations of private investors are difficult.
- Retaining quality staff, complying with the government legal requirements are some of the challenges for any early stage enterprises.
- Most of the SEs require mentoring.

Attached

1. Session schedule
2. Uploaded on the VAF website abstract of papers presented in the session as also PPTs used during the presentation

** Summary of discussion prepared by Ajit Kanitkar with inputs from Shubha Khadke of IRMA and Siva Muthuprakash K M of VAF. September 21, 2018*

Session schedule

Session Name	Title	Speaker	Affiliation
Whither Social Enterprises? Reflections from Researchers <i>Chairperson:</i> Girish Sohani, President, BAIF <i>Time:</i> 14:30 - 15:45 <i>Venue:</i> Seminar Hall	Motivation for Social Enterprise Research and a Review	Ajit Kanitkar	VikasAnvesh Foundation, Pune
	Research and Knowledge Building on Social Enterprises: TISS experience	Satyajit Majumdar	Professor, Centre for Social Entrepreneurship School of Management and Labour Studies, TISS Mumbai
	Incubating Social Enterprises: IRMA experience	Shambu Prasad	Professor, General Management: Strategy and Policy, IRMA
	Nine years of Social Entrepreneurship Conferences: XLRI experience	Madhukar Shukla	Chairperson, Fr Arrupe Center for Ecology & Sustainability and Professor (OB & Strategic Mgt) at XLRI Jamshedpur
Social Enterprises in Practice: Dialogue between Social Entrepreneurs and Researchers <i>Chairperson:</i> Manoj Kumar, Co-Founder and CEO, Foundation for Innovation and Social Entrepreneurship (FISE) <i>Moderator:</i> Ajit Kanitkar (VikasAnvesh Foundation, Pune) <i>Time:</i> 15:45 - 17:15 <i>Venue:</i> Seminar Hall	Studying social enterprises	Usha Ganesh	Advisor - Consulting & Research at Intellectap, Mumbai
		Tara Nair	Professor - Gujarat Institute of Development Research, Gandhi Nagar
		Vanita Vishwanath	Board Member of Jagriti and Chairperson of Aajeevika Bureau.
	What is it to be a Social Entrepreneur?	Anjaney Bhutada	Directors, Fresh Produce Value Creation Services and Krishi Pragati Foundation, Mumbai