

# SOCIAL ENTERPRISE ECOSYSTEM OF INDIA-A PHENOMENOLOGICAL STUDY

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## ABSTRACT

*With respect to social enterprises, the term ‘Ecosystem’ can be defined as an interaction between various man-made forces that make them function effectively. In a developing country like India, it is very important to make social enterprises function impact fully for the growth of the underserved segment of the country. The study examines the social enterprise ecosystem of India using Transcendental Phenomenological approach. It has been built from Daniel Isenberg’s Ecosystem model to examine the six domains that create an ecosystem – Finance, Policies, Human Capital, Culture, Support and Markets. Sample includes the founders of 12 social enterprises having Pan-India presence. Data has been collected through interviews and secondary sources like reports, websites, feedback documents etc. Data has been analysed using transcendental phenomenological approach. Shared experiences of the founders of the social enterprises have been used to suggest certain measures and policy recommendations which if incorporated would help in strengthening the ecosystem. Findings suggest that in the past 7-8 years, the situation has improved a lot but, there is still a long way to go and a lot of improvement on various parameters is required. Some of these findings suggest that finance is not easily available to the social enterprises; government action is required and they need to resort to practices like hiring of professional fund managers. Indian regulatory system needs to be enterprise friendly and easy to comply with and follow. They need to have a realistic projection and be limited in number for ease of understanding and compliance. Marketing plans need to be concrete. Small and local suppliers must be supported and raw materials purchased from them as far as possible will help in strengthening their position. Quality standards of the products produced by social enterprises need to ensure that they can compete in the markets. Creation of small brands and collaboration with bigger brands can also help in this context. Social media usage when used wisely can prove to be beneficial. Taking individual support facilities like a good finance advisor, legal and commercial expertise, office space etc. proves to be very expensive. Networking and forums can be beneficial and government needs to take steps which can help building good support and energy efficient infrastructure facilities in the areas where adequate infrastructure is unavailable. Communication and mental health must be addressed through mentoring and training programs. There is a lot of confusion amongst general public regarding the working of social enterprises. There is a need to build an encouraging and positive environment related to these enterprises and people need to support them on a regular basis and not temporarily. Innovation part from start-ups is missing. Entrepreneurship can be taken as a career option and needs to be taught seriously at school and university level. Creation of good and strong teams is imperative for the success of an enterprise. Therefore, focus on workers and processes are required.*

**Keywords:** Communication, Economy, Social Enterprises, Small Brands.

## INTRODUCTION

Every economy has an underserved segment which at times, doesn't even have an access to the basic amenities available at their disposal. The money that they earn is majorly spent in fulfilling the basic amenities of life and they don't have an access to measures for capacity building that can help in brightening the future of children who belong to these families and they also lack life improvement measures (Kalam & Singh, 2011; Goyal et al., 2014). For any economy to grow in an equitable way, it is very important to address the needs of this segment and serve the underserved. There has been an increase in the number of enterprises or entrepreneurs who are working for the downtrodden sections of the society and addressing social causes in a systematic manner that is bringing out a new phase of the society by decreasing the number of affected people. These enterprises are termed as social enterprises and their founders as social entrepreneurs.

Going back to its roots, the term '*Social Entrepreneur*' was first introduced by Banks (1972:53) in relation to the different approaches to management being analyzed and an identification of their value orientation with specific reference to Robert Owen. It is an alternative that combines efficiency of entrepreneurial market place with the welfare orientation of the state. An entrepreneurial activity that has an inbuilt social purpose as a concept is known as social entrepreneurship (Austin et al., 2006).

### **Social Entrepreneurship – Relevance for developing countries**

In the opinion of Seelos and Mair (2005), developing countries have always had an upper edge as compared to developed countries in coming out with innovative ideas related to social enterprise' businesses. Social Entrepreneurship in the current scenario, is being considered to be very important from the emerging economies' point of view as it helps in providing innovative solutions to the problems the economy is facing that eventually helps in the growth of a country and increase in the growth rate and thereby its' economic prosperity.

The broad areas where social entrepreneurs work relate to the community and the social problems that are prevalent in the society. They initiate innovative ideas and mobilize the resources available to solve the social problems that the country is facing by building up social arrangements (Bulsara et al. 2014).

Every country perceives social entrepreneurship differently and practices also in the direction perceived. Social entrepreneurship as a phenomenon is well-researched in the developed economies. But, if we see the emerging economies which have a great potential for innovation in social enterprises, a lot of research can be done. There is a great potential in the identification of social entrepreneurship activities being followed in the Western countries and after an identification of what is relevant for the emerging economies' point of view they can be followed in these economies as well thereby, igniting a spark of growth of these economies (Doherty et al., 2014; Sengupta et al., 2017; Sengupta & Sahay, 2017a).

### **Social Entrepreneurship in India**

India as an emerging economy is striving hard to achieve a balance between an increase in the GDP growth rate, in ensuring inclusive growth in every sphere of the sectors and also making an attempt to address the various issues prevalent in the society ranging from education, utilizing energy efficiently to climate change and global warming. According to the report issued by Global Entrepreneurship Monitor in 2019, India has been recognised as the second most entrepreneurial country in the world. Ernst & Young in 2014 highlighted that India has seen an

increase in the number of new company registrations. There has been a growth in the number of social enterprises since 2005 as many people have recognised the need to address the social issues for the betterment of the society and eventually the growth of the economy. This is more so because when a social enterprise is set up, it not only addresses elimination of social stigmas like poverty, illiteracy etc. but also positive returns in the form of economic and environmental returns (Ambati, 2019b). Looking at the impact these enterprises make on the economy, various state governments as well as the central government has started launching policies and procedures for the benefit of the social enterprises and to make a stronger ecosystem for the social entrepreneurs.

The CSR Act passed by the Government of India has been a major breakthrough in the social responsibility fulfilment by various corporates and business houses. Through these initiatives it is mandatory for Companies to contribute a part of their profits towards social cause. Many social enterprises profits as well as not-for-profit have been seen to be benefitted from such measures. After getting funds from the body corporates, they invest them and fulfil the requirements of the segment that they are addressing like providing education to children whose parents cannot support their education due to lack of funds or providing proper nutrition to new born babies and lactating mothers or using the waste to manufacture stationery items to help retain ecological balance in the surroundings etc. Most of the research carried out in the Indian context have directly jumped on to case development, the kind of impact they are having on the community, the intentions and characteristics of social entrepreneurs, the kind of motivational urge that made them a social entrepreneur, their innovative ideas and the kinds of challenges faced by them. But what has been ignored is the kind of ecosystem that exists for the social entrepreneurs and how has it enabled them to stay on the path of social entrepreneurship.

Social entrepreneurial ecosystem is considered to be a major factor on the basis of which the social enterprises function. Despite of the fact that the impact of setting up of social enterprises on the economy has been recognised by the central and state governments which is reflected in their making policies to benefit the social entrepreneurs and to make a stronger social enterprise ecosystem throughout the country, there is a dearth of research on the study of entrepreneurial ecosystem of social enterprises in India. The study aims to fill this gap as identified. Entrepreneurial ecosystem has been discussed in the next section.

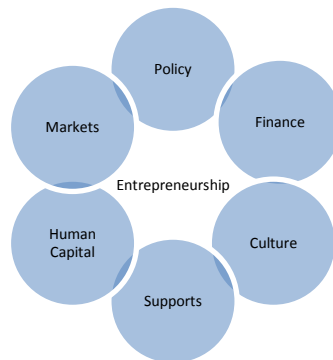
## **Entrepreneurial Ecosystem**

Policymakers and researchers at global level who tend to study entrepreneurship, have also taken to studying entrepreneurial ecosystem which is more of an inter-connection between various factors like cultural, social, economic playing together and bringing forward an environment that is favourable for the enterprises to operate (Roundy, 2017; Spigel, 2017; Roundy, 2016; Breznitz & Taylor, 2014; Mason & Brown 2014). It is looked upon as a means to develop an economy by giving a boost to economic development.

Isenberg (2010) built on these various definitions and thereafter, he suggested a model for entrepreneurial ecosystem that consisted of thirteen factors: Culture, Government, Leadership, Human Capital, Financial Capital, Success stories, Education, Infrastructure, Entrepreneurship Organizations, Economic Clusters, Networks, Support Services, and Early Customers. Later in 2011, Isenberg split these factors into six categories: policy, market, support, culture, human capital and finance (Khan, 2013). All these domains are inter-dependent and affect the functioning of each other. For example, when there are effective and efficient support policies from the government, it would help in generation of finance effectively from the various bodies

in various forms like grant funding, seed grants, donations etc. Similarly, when the markets are attractive and more customers are expected to buy the product and increase the sales, there would be increased number of people that an enterprise would hire or a higher number of people who want to join the enterprise knowing the attractive side of it. Regional and community efforts are required to develop an ecosystem where enterprises grow and expand (Figure 1).

**Figure 1**  
**DOMAINS OF ENTREPRENEURSHIP ECOSYSTEM MODEL GIVEN BY DANIEL ISENBERG, 2011**



Despite of the significant contributions that have been made by the previous researches in the field, a lot remains to be done. There is lack of literature in theory as well as empirical research in the area of social entrepreneurship. The adoption of the term ecosystem to the field of social entrepreneurship needs to be studied and calls for further research.

It would be interesting to study the various domains with respect to social entrepreneurship and provide with an insight to understand how the domains are interacting with each other and how the framework is set up for India.

## RESEARCH METHODOLOGY

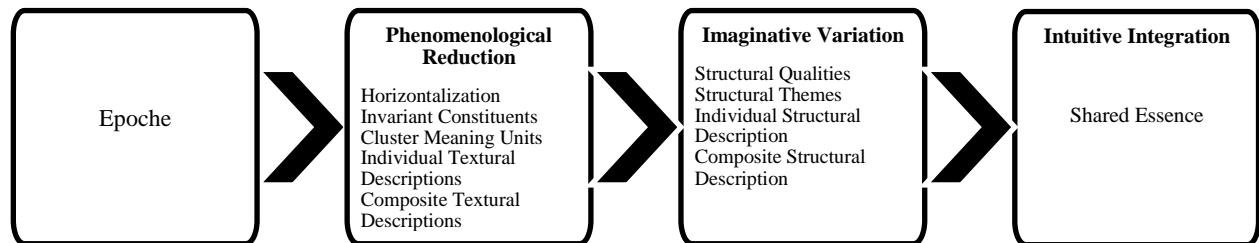
The research follows interpretivist paradigm and the ontological position is that of relativism and the assumptions as highlighted by Guba and Lincoln, 1994, have been followed. Subjectivist epistemology is followed that help in gaining a deeper understanding of the phenomenon under study i.e., Indian social entrepreneurial ecosystem. The lived and shared experiences of the social entrepreneurs have been studied with the help of Isenberg's theoretical framework (2011) and eventually reached a sense of shared essence of social entrepreneurs with respect to the ecosystem. The interview schedule had questions related to every domain reflected in the inception, daily functioning and scaling up of the enterprises (Moustakas, 1994).

The main objective of the study is to study the applicability of Daniel Isenberg's Ecosystem model with respect to different domains in the Indian Social Enterprise Ecosystem. The study identifies the interplay between these domains and explores if any other domain exists in the Indian context. As a result of the study, policy recommendations have been identified.

Phenomenology is the qualitative design suitable for the study. Phenomenology forms a part of the interpretive paradigm. Phenomenology can be defined as the direct experiences of people about a phenomenon wherein the pre conceived notions have no role to play and they do not interfere. Under phenomenology, transcendental phenomenology has been used for the

analysis (Figure 2). Transcendental phenomenology “*embraces the qualitative focus on the wholeness of experience and search for essences of experiences, and viewing experience and behaviour as an integrated and inseparable relationship of subject and object*” (Raffanti, 2008).

**Figure 2**  
**PHENOMENOLOGICAL PROCESS**



The most appropriate individuals who have experienced the phenomenon are the founders of the social enterprises as they have been the closest to the ecosystem and they can best describe what they have experienced for effective analysis (Moerer-Urdahl & Creswell, 2004). According to Moustakas (1994), there are certain requirements that need to be fulfilled with respect to participants. These requirements have been fulfilled for the purpose of the study. They can be highlighted as (a) the participants had a good experience about the phenomenon i.e., the social entrepreneurial ecosystem, (b) they were interested in understanding the phenomenon, (c) they wanted to participate in the research and were also interested in getting the results of the research published. There was a proper method of intensity selection as was described by Patton (2001) that was utilized in order to identify participants that would meet these criteria in a specified location that would justify the research and its purpose.

In order to ensure that the intensity of experience is met by the participants, there were several criteria that they had to meet. Firstly, the participants were founders of the social enterprises to ensure that their direct experiences can be studied and maximum exposure to the ecosystem was necessary. Secondly, social enterprises working in Delhi-NCR region were considered but they all had Pan-India presence like they were having their branch offices in various states. This was ensured to study the Indian context in detail. Thirdly, social enterprises considered had been functioning for varied number of years since the time of their inception to ensure that the ecosystem can be studied in detail from various perspectives. Fourthly, the email through which participants were communicated about the research and their response to those emails ensured that they were interested in the research and wanted to make a contribution for effective results to be obtained. Out of the numerous emails sent to the prospective participants, only those responded who were really interested in the research. Lastly, participants were willing to give an in-depth semi-structured interview which lasted for around 30-90 minutes and were ready for follow-up correspondence as required.

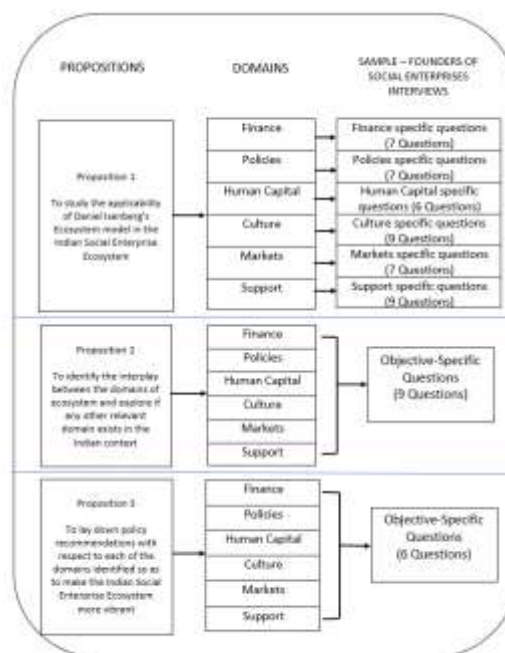
Participants were identified with the help of a social entrepreneurs’ database website. The email addresses and the contact numbers if available were listed. An email was drafted and sent to the participants providing a description of the research.

Keeping in view the nature of discussions in the interview, the true identity of the social entrepreneur has been kept confidential. In order to present the research, in place of their names, pseudonyms have been used. The reason for maintaining confidentiality was to ensure that it was consistent with transcendental phenomenology and to ensure that the phenomenon i.e., the

ecosystem was well understood in the narrow as well as the broader context. The participants were diverse in racial and gender diversity.

As a qualitative method, phenomenology requires data saturation with description. The definition of saturation is different across various studies and therefore, defining the concept is difficult (Fusch & Ness, 2015). Although, it is mostly said that saturation comes with the number of participants, but what is also true is that there has to be a balance maintained among the quality and quantity of the data so that useful information can be extracted from them (Dibley, 2011). Patton (1990) suggested that *“in-depth information from a small number of people can be very valuable, especially if the cases are information-rich”*. From the 13 participants, I could collect information that was rich in terms of quality and descriptions which were extremely helpful for the research. It had in-depth data about their experiences as social entrepreneurs. After the 13<sup>th</sup> interview, no new data was coming forward and data had reached the level of redundancy and there was no new information that was coming forward (Lincoln & Guba, 1985). There were multiple angles and lenses that were adopted in order to ensure that the information collected from social entrepreneurs was able to explore every aspect of the ecosystem (Figure 3). The same process of taking interviews was repeated across 12 interviews to ensure uniformity of the results was obtained (Moustakas, 1994).

**Figure 3**  
**SAMPLE FOUNDERS OF SOCIAL ENTERPRISES INTERVIEWS**



**DATA COLLECTION AND ANALYSIS**

Data was collected and analyzed with the help of process given by Moustakas (1994) for transcendental phenomenology to study the phenomenon under consideration i.e., social entrepreneurial ecosystem. Data was collected with the help of in-depth interviews of the participants and then they were transcribed verbatim. After that, they were analyzed using the interpretivist approach following Moustakas (1994).

The interview protocol was revised after every interview to ensure that there are no repetitions and in case a need was felt to eliminate any questions, which was done in accordance with the research. The main questions addressing the objectives of the research remained the same for all the participants. The interviews were transcribed verbatim and it was ensured that words as spoken by the participants were retained throughout the process. The location and timings of the interviews were decided by the participants according to their availability and comfort.

The sequential strategies that have been used to analyze the data are:

- Bracketing out one's experiences,
- Using the statements made by the people interviewed,
- Trying to understand the meanings thereof and
- Identifying themes.
- Textual description, structural description thereby coming to the essence of the phenomenon would be considered.

According to Moustakas (1994), researcher has to be free from his biases, opinions and preconceived notions related to the phenomenon while they are interacting with the participants through interviews or analyzing the data to come to the shared essence of it. Moustakas suggested that there should be no stance or position taken in advance before the research is concluded. It all had to start as fresh as new and nothing was supposed to be pre-decided. I, as an academician put my experiences, judgements, opinions aside while interacting with the participants and analyzing the data.

In order to ensure that I did not let my opinions and ideas influence the research, I had thought of them well in advance and listed them to ensure that I did not let them interfere in my process of research. Other than that, I had also kept my mind open to all that was shared by the participants and tried my best to not let my thoughts interfere or my mind ponder over other ideas or opinions than what was spoken by the participants.

Phenomenological data analysis process and application to this study described by Moustakas (1994).

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