

Positioning of Social Enterprises in Manipur: A way forward to Institutional Liberalism

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Abstract:

The state has been passing through many stages, our needs and desires changes over time, our expectations also increases but the state has failed to deliver and meet all. So in order to fill up the gap non-governmental organisations have come up as an institution supplementary to the services provided by the government. As a consequence NGOs have been increasing substantially in terms of numbers as well as their activities during the last three/ four decades in the state. But in the state, they are mainly depending on external funding agencies for their activities and hence these agencies influence the autonomy of the sector. NGOs as institutions also better to work without strict restrictions that can actualise their true spirit of voluntarism. In order to enable them to work independently as well as for their future growth, the present study tried to bring out suggestions for them to think over their necessary organisational metamorphosis towards Social Enterprise model. It can minimise to large extent the shortcomings arising out of the close scrutiny and directives from the

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government as well as those funding agencies, thus they can prioritise their activities according to the genuine needs felt by the local communities. This will increase their impact to the society as well as scaling-up of their organisations.

Key words: Institutions, Civil society organisations (CSOs), Non-governmental organisations (NGOs), Social Enterprise (SE), Positioning and Innovation

1. INTRODUCTION

This study is based on the context of Manipur, so it is necessary to defined social enterprise in the local context. At first just overview of the state is very much needed, the state i.e. Manipur is Situated between latitudes 23.80°N to 25.68°N and longitudes 93.03°E to 94.78°E, covers a total geographical area of 22,327 Sq. Km. again of the total area, about nine-tenths constitute the hills which surrounds the remaining one-tenth valley. It is one of the Border States in the North-Eastern part of India, bounded by Nagaland on the north, Assam on the west and Mizoram on the south and along the east it shares a 398 Km. long international boundary with Myanmar. It is well known that the state is one of the states of north-east India having worst-case scenario as far as militancy and ethnic conflict is concerned. Then again come to the distribution of geographical area i.e. hill and valley region, scattered population, literacy rate, unemployment, health scenario in the state, and other social ills etc., are the few factors which leads to the present conflict state.

In this situation, the need for civil society organisations (CSOs), Non-governmental organisations (NGOs), community-based organisations (CBOs) and human rights groups arises; because in such situations government is facing much more difficulties to reach their efforts to the grass-root level.

2. SOCIAL ENTREPRENEURSHIP AT A GLANCE

Social entrepreneurship is formed by the two terms i.e. social and entrepreneurship. It can be easily understandable for the scholars that this venture doesn't mean for the few individuals. This entrepreneurial venture must belong to society i.e. for the betterment of the society in which they are operating instead of profit making enterprise for the owners. Entrepreneurs' implication is profit orientation for the shareholders but in the case of social entrepreneurship, social entrepreneurs lose this profit implication of their shareholders, profit from their venture is re-invested for the betterment of the society. So the dividing line between the two forms of enterprise is that one is mainly for the shareholders and another is for the society. Thus social entrepreneurs are entrepreneurs who intentionally pursue the public good; they are the change agents in the social sector. Social enterprise is the organisation that effectively using business management strategies achieves its social mission by being innovative and competent at taking risk. This concept of social entrepreneurship is originated from the western countries. So the challenge is how to adapt this imported concept of social entrepreneurship to our soil of the state in a most practical way in our hand.

Steven Koon (2008) also holds the view that social enterprise is to solve the social problems using business models and mechanisms. Its position is between corporation and traditional NGO, but more inclined to the former. Whereas, it is widely accepted that social mission/purpose is the key factor involved in social Enterprise.

Like most students of entrepreneurship, we begin with French economist Jean-Baptiste Say, who in the early 19th century described the entrepreneur as one who "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield," thereby expanding the literal translation from the French, "*one who undertakes,*" to

encompass the concept of value creation (Jean-Baptiste, 2001). Social entrepreneurship is also an emerging and rapidly changing field that strives to advance social change through innovative solutions. Social entrepreneurs face unlimited opportunities for creating a better world in which to live. These people are change- friendly, opportunity-oriented, innovative, resourceful, value creators. They see resources and they find a way to mobilise or move them to areas of higher productivity and yield.

They find a way to create social value, and holds this kind of view regarding resources – if only the organisation can adopt business models and innovative way of fund-raising, and is good at exploring and integrating all resources available- be it government subsidies, donation or its own business operation, it can be deemed as social enterprise (SE). SE is different from CSR (corporate social responsibility). In CSR, organisations donate certain proportion of profit to the betterment of the society, in the light of long term profit i.e. overall activities' primary consideration will be profit maximisation; but this cannot be considered as SE. In SE major portion of the resources available should be used for fulfilling the main objectives of the establishment i.e. bringing social change for betterment of the society in innovative ways. Because innovation is the key character which differentiates social enterprise from others as well as profit is also not their primary consideration.

Prof. Yang Tuan (2008) thinks that social enterprise should not be confined to a certain organisation form, as it is more like a spirit, a culture. She thinks that apart from the market, the government and voluntarism, there should be a fourth sector, the operation and production of the 4th sector are both philanthropic and commercial. Social enterprise is different from traditional NGOs and philanthropy, so it should be put into the 4th sector.

3. REVIEW OF LITERATURE

Here an attempt is made to analyse the various progress made in the literary contribution in the area of social entrepreneurship. This will surely help the present study for finding out the gaps with the already existed knowledge and current trends in the related field.

Social entrepreneurship can be defined as "*the creation of a social value that is produced in collaboration with people and organisations from the civil society who are engaged in social innovations that usually imply an economic activity*".²

Bornstein, David and Davis, Susan (2010) offer the first general overview of the field of Social entrepreneurship and explore where it is heading. They explain what social entrepreneurs do, how their organisations work, and how their approach differs from traditional models in government, business, and the social sector.

Dees (1998) defined social entrepreneurship as “innovative activity with a social purpose in either the private or non-profit sector, or across both” while others have offered conceptual refinements (Bornstein 2004; Nicholls 2006; Martin and Osberg spring, 2007; Light 2007; Elkington and Hartigan, 2008; Ashoka, 2009). Social enterprise is a booming phenomenon globally and a rising star. It is its very early stage of development but with great potentials and is still evolving quite fast with no fixed model. So it's easy to understand that why even now, the concept is not only ambiguous for the general public, but also quite new for academics and the NGO (non-governmental organisations) sector. NGO leaders and intellectuals believe that the movement of social enterprise will

² Definition based upon a review of literature and definitions offered by networks (such as the EMES European Research Network, the Skoll Centre, CAN and Ashoka) and by individual scholars such as Gregory Dees, James Austin, Charles Leadbeater and individual scholars from the EMES network.

be a good remedy for many social problems and unmet social needs and a boost for civil society development. It is significant to have a deep research on the germination of social enterprise which may be hidden in some organisations and some one's idea.

Social enterprises lie at the crossroads between non-profit and business organisation as shown in the following illustration of the spectrum of hybrid organisations that includes key features of different types of enterprises.

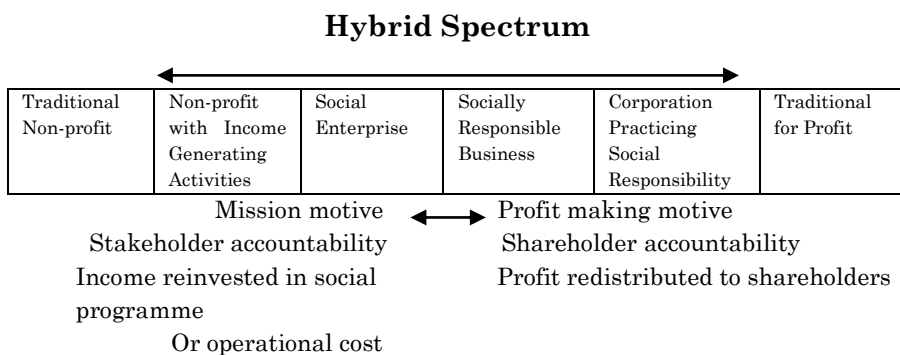


Figure 1: Typology of Social Entrepreneurs (Alter, 2006, p.7)

Although there are differences between the concepts of "social enterprise", "social entrepreneurship" and "social entrepreneur" (Defourny and Nyssens, 2008), the growth of interest in the area is closely related to the fact that social enterprises constitute the fastest growing category of organisations in the USA today (Austin *et al.*, 2006), and to the fact that universities and business school around the globe are currently involved in various BA, MA and PhD programmes in social entrepreneurship and social enterprise³.

³ Among those, we can cite the PG programme in TISS, Mumbai, University of East London's (UK) innovative Communiversitry Programme in Bromley By Bow Centre, which offers a full BA program in social enterprise; Roskilde University's (Denmark) MA program in social entrepreneurship; and MBA programs at business schools in Harvard, Duke, Columbia (USA) and Oxford Universities (UK).

Today, non-profits and non-governmental organisations, foundations, governments, and individuals also play the role to promote, fund, and advise social entrepreneurs around the planet⁴. A growing number of colleges and universities are establishing programs focused on educating and training social entrepreneurs⁵. In Hong Kong, the government states its supports clearly and even encourages social enterprises; the western countries have their laws, in China the notion of social enterprise has never been formally mentioned by the govt. The South Korean government introduced the legislation of social entrepreneurship in 2006. In India, innovative social entrepreneurs won international grant jointly organized by International Finance Corporation and development marketplace has announced 14 winners, World Bank group also took part in it⁶.

4. OBJECTIVES AND METHODOLOGY OF THE STUDY

The present paper has the following objectives:

- a. To define as well as positioning of social enterprise in the regional context;
- b. To study the needs for adopting social enterprise model;
- c. To offer suggestions for fostering the social enterprise sector.

The present study is descriptive in type and takes into account the various literatures pertaining to NGOs as well as social enterprises. Secondary as well as primary data were collected from the 104 NGOs having their 'own income earning activities' located at the four valley districts of Manipur viz., Imphal

⁴ For example, the Social Enterprise Alliance (SEA) is an association for the growing sector of organisations pursuing a social or environmental mission using market-based strategies (www.se-alliance.org), and David Brandon McGinty is a former Deloitte consultant who now focuses exclusively on strategy and operations advice for NPOs/NGOs and social enterprises.

⁵<http://managementhelp.org/blogs/social-enterprise/2010/12/30/social-enterprise-goes-to-graduate-school/>

⁶ The Hindu (2011), Saturday, April 9, p. 5.

West, Imphal East, Thoubal and Bishnupur which are based on simple random sampling method and analysed with appropriate statistical tools.

RESEARCH QUESTIONS

Following is the research question on the basis of the above discussion as well as objectives in particular and it will help in positioning the new social enterprise organisations in the local context:

“Managerial skills needed in running social enterprise organisations are exactly similar as running for-profit organisations.”

5. LIMITATION OF THE STUDY

As the findings and conclusions of this study are based on data collected from the selected social entrepreneurs in the study area, it may not be generalised for the entire region because social entrepreneurs in the far flung hill areas of the region might be having their area-specific roles, problems, opportunities, activities, etc.

The methodology followed and tools employed in the analysis of the data involved certain merits as well as demerits of their own and also reflect the limitations of the data base.

Because of the bad law and order condition, some respondents were not free to share their information. Thus the information given by the sample units may not be accurate. However, utmost care was taken by the researcher to ensure accuracy, by adopting cross checking methods.

6. POSITIONING OF SOCIAL ENTERPRISE (SE) IN THE REGIONAL CONTEXT

In such a particular soil of the state where civil society organisations are very active as well as quite large in number, then social enterprises operating in the soil can be considered primarily as civil society organizations (CSOs) including NGOs, because other organisational forms that can be interpreted as social enterprises in the state were negligible in terms of their impact to the society. But again it is more appropriate to consider and identify social enterprises as NGOs instead of covering whole civil society organisations (CSOs); because NGOs are having statutory recognition in the state or formally well organised in their nature.



Figure 2: Diagram showing the portion of social enterprise organisations (i.e. NGOs having income earning activities).

Here regarding the status of NGOs it is better to mentioned that “NGOs comprise a sub-set of civil society- a broader term which encompasses all associational activity outside the orbits of government or the for-profit sector” (World Bank, 1998). NGOs are more formal organisations which are registered with state authorities but civil societies include both registered and unregistered pressure groups.

These non-profit organisations or NGOs have been very common and also accountable to the general public. So it’s better to defined social enterprise on the basis of such organisations, thus simply it can be defined as NGOs having

their own income earning activities. They have to balance mainly between their commercial activities as well as socially constructive nature of non-profit organisations. In another sense, it can be said that social enterprise organisations are the organisations which seeks to manage 'triple bottom line'. This phrase of triple bottom line here means 'people, planet, and profit' (Elkington, J. 1997). This type of organisation can give benefits to all the stakeholders or constituencies and also ensures sustainable development. This organisation earns a profit, which is controlled by a volunteer Board, and ploughed back into the community for the betterment of the community instead of sharing among the owners. Here "profit means income from all the sources minus organisational expenses", and volunteer board members of these organisations can take salary as a part of organisational expenses.

If one look into the prevailing system or working model in the state it will come to know easily that in spite of huge amount of money has been pumping to the developmental works by the government very less is reaching to the needy people. This may be due to the favoritism among the higher officials or failure of the whole implementing system or implementing agencies or can say working model. Further again privatization cannot be the alternative developmental means in the state because Private sector is mainly looking for profit maximisation and they doesn't meant for the disadvantaged people. In one hand traditional NGOs depend on external funding so all their activities have been depending on these external funds and generally chances of external influences to their activities always are there. Why it is necessary to remind these drawbacks of the present organisations that have been delivering all of the societal needs. Because it's high time to propose a feasible solution in order to overcome these drawbacks to meet rising aspirations of our peoples. The solution is '*social enterprise working model*' used to be as an alternative to deliver developmental

programmes. Thus Social enterprise Organisational model is the one that proposes a feasible plan of action for the betterment of our society, one that will work towards a peaceful and sustainable state. But one important point should be noted is NGOs as voluntary institutions will be hollow without the adoption of “income earning activities” in the light of social enterprise model. So ‘income earning activities’ is important area the present study is trying to mentioned and this salient feature makes social enterprise differentiates from other traditional NGOs. *This extra layer of income earning activities can accelerate and scale up their impact to the society.*

In short social enterprise organisations can be positioned as a new hybrid type of organisations in which the approach is running a normal business by NGOs without losing their status. One can further refine this social enterprise concept on the basis of the degree of innovation as well as their impact to the society, but we assume that these are the parts of NGOs to gain competitive advantages in order to survive in this competitive environment.

7. RESEARCH QUESTION

“Managerial skills needed in running social enterprise organisations are exactly similar as running for-profit organisations.”

Table 5: District-wise responses of the statement “Managerial skills needed in running social enterprise organisations are exactly similar as running for-profit organisations”

Districts	Likert- scale responses					Total	%	N	Mean	ANOVA Sig.
	HA	A	N	D	HD					
Imphal West	1	9	6	5	0	21	20.2	21	2.71	0.657
Imphal East	1	11	12	5	0	29	27.9	29	2.72	
Thoubal	3	16	8	5	0	32	30.8	32	2.47	
Bishnupur	0	14	5	1	2	22	21.2	22	2.59	
Total	5	50	31	16	2	104	100.0	104	2.62	
%	4.8	48.1	29.8	15.4	1.9	100.0	-	-	-	

Source: Field Survey

**HA-highly- agreed, A-agreed, N-neutral, D-disagreed, HD-highly-disagreed.*

It can be observed that most of the respondents (social entrepreneurs) agreed on the statement of “Managerial skills needed in running social enterprise organisations are exactly similar as running for-profit organisations”. It can also be said that there is no significant variation/difference ($p=0.657$) in the respondents’ opinion across the four districts of Manipur i.e. most of them have given more or less the same responses. It can be concluded that managerial skills needed in running social enterprise organisations are similar as running for-profit organisations in the state.

8. CONCLUSION AND SUGGESTIONS

Social enterprise (NGOs) is meant for vital supplement to the state for development programmes. The expected contributions of the civil society for a welfare society depend on the soil in which CSOs (civil society organisations) are operating. Every soil is not equally conducive to the growth of civic association movements. Sometimes states are also using various strategies to enable them to use NGOs for their own purposes. It may be seen in the state that many of the NGO leaders are politicians or their relatives or may be people with some vested interest and as such their work may violate the true spirit of voluntarism. In one hand, NGOs and their work may be dictated by the donor agencies by using their power of funding. Thus, NGOs have to choose to spend their money in which differ from the areas or purposes they are supposed to spend. In order to get easy money from the donor agencies, NGOs also just started their activities accordingly to those activities which are giving importance by the funding agencies. By doing so they may divert from the genuine needs of the communities and hence it affects their image as well as reduces impact to the society. So we can consider few suggestions in order to prevent from the shortcomings as discussed. Performance of CSOs like NGOs depends on financial viability therefore it is the need of

the hour for every social organisation to adopt social enterprise model. By adopting this model they have to maintain balance between commercially viable and socially constructive goals at a manageable level. For scaling up of their impact NGOs can form and strengthen networks. As discussed earlier autonomy of the organisation also depends on the extent in which 'NGOs level of dependency on the external funding'. That's why suggestion or understandable argument here is that, adoption of social enterprise model for organisational self-sustainability can remove much of the drawbacks of this sector in the state. At least, they can prioritise and confine to their programmes independently with less external influences. This will solve one of the major issues of the sector otherwise their public accountability may suffer. Self sustainability of the organisations comes as a core issue, as well as there must be a cordial relationship among the state, corporate and CSOs in this era of seeking good governance. They have to nurture each other in order to maximise their contributions, particularly policy and programmes of the state should create a favourable environment for CSOs. After all their roles in the development have been quite satisfactory in the state and if the '*civil societies*' operating in the state are implementing their work with the ideal notion of civil society by adopting 'Social Enterprise Model' in the future then they can be a real catalyst for the betterment of our society.

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