INCUBATING SOCIAL ENTREPRENEURSHIP AS PART OF CORPORATE SOCIAL RESPONSIBILITY

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INTRODUCTION

Social innovation - innovations to meet under-addressed social needs - requires a multi-disciplinary approach to grow and scale up. It requires a platform that can connect professionals from varied fields and a common language for dialogues. The recent rise of social innovation discourse has not converged to a large extent due to the diverse sets of views on what could be the best pathway for scaling social innovations, including those having a business model built around them. In this case study, we explore the issues in linking and leveraging Corporate Social Responsibility (CSR) programmes to social businesses, leading to a better understanding of some of the implementation issues in leveraging CSR to support social innovation.

Globally, there are multiple experiments in this space linking CSR, entrepreneurship and livelihood, including helping existing/traditional community businesses as CSR (e.g. Indian public sectors like Oil and Natural Gas Corporation-ONGC trying to promote local craft); using/leveraging social innovations/businesses as an extension of the company’s business strategy with tighter alignment (e.g. U.S. company Patagonia using recycled denim for their textile products); and linking social innovation with entrepreneurship, while keeping and treating them distinct from core businesses (e.g. Tata Steel / Jindal Steel and Power’s effort to empower local communities through entrepreneurship).

Each of the above collaborations has a potential to change social landscapes in the communities. The current paper deals with the third approach, where a company uses social innovation to foster community entrepreneurship to affect social outcomes (in this case, gender empowerment and response to health challenges) in areas outside its core business. My assumption is that big businesses can act as powerful catalysts of social change through their CSR initiatives. They have a high chance of success for the following reasons: qualified manpower, experience in creating, delivering and communicating value and a developed risk perspective.

It is particularly important to study this approach in light of the Companies Act 2013 that requires companies to plan for and report on CSR activities accounting for 2% of their profits after tax. This paper captures lessons from an early effort to link social innovation with CSR to foster sustainable development. Examining the idea of 'corporate-incubators', the case highlights issues related to corporate-community engagement, scaling up and transferring indigenous technologies and using and/or reviving local resources. The objective is to capture how a Corporation has tried to incubate socially relevant businesses as part of its CSR programme and the related challenges in enterprise incubation and managing stakeholder expectations. This could provide learning for others who try to incorporate incubation into their CSR efforts.

The study examines two livelihood initiatives undertaken by Company A, working in location B. The first one, Shodashi², is an example of women entrepreneurs making low cost sanitary napkins and distributing them in areas where awareness

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² Meaning a 16 year old girl
of the benefits of napkins is low and incidences of infection and anemia are high. In the second case, ECO SPA, rural women utilizes locally grown fruits and vegetables to make herbal handmade beauty products. The two ventures are part of Company A’s CSR initiatives. The ventures are examined in terms of social opportunity identification, monitoring and evaluation, sustainability and scaling up of the enterprises. Based on field interviews with women workers of the two units, primarily drawn from the colony of the project displaced people and different level of Company A managers, we identify the issues and challenges in incubating such social businesses as part of CSR.

**REVIEW OF LITERATURE**

Within the domain of CSR research, implementation is a relatively new topic and those that deal with such challenges at the project level in developing countries are very few. Yet, there is research evidence that developing the capacity for collective action is important for CSR implementation (Rama et al, 2009). Collective action requires collaboration with stakeholders and such collaborations are not easy in a developing country (Jamali & Keshishian, 2009). Though the linkage between sustainability, social entrepreneurship and social change, is well established by now (Mort and Hume, 2009), it is not clear how such linkages are formed and managed in the corporate context. The relationship among corporations and community while developing capacity remains complex (Cornelius et al, 2009) in the context of the private sector companies.

This paper adds to the existing CSR literature by contributing to the understanding of CSR implementation in a developing country and the challenges involved in linking social innovation and entrepreneurship with CSR. As we discuss below, a CSR regulation can see well-intentioned companies looking for viable models to spend their CSR budget in a way that combines social value creation and sustainable development. Our study aims to develop understanding in this area.

Unlike CSR literature, a lot of research on social innovation is based in the context of developing countries where social gaps provide opportunities for innovations. Social challenges require systemic solutions and new thinking (Brown & Wyatt, 2010) including issues related to partnerships with other stakeholders. Forging corporate NGO strategic alliances require moving from a philanthropic mode to an integrative stage (Austin, 2003). However governance of such strategic alliances remains problematic, open to opportunism. (Rivera-Santos & Rufin, 2010).

As social innovation evolves, businesses have tried to join the cause under their CSR (Phills et al, 2008). Chatterji (2009) finds that programmes for promoting entrepreneurship among black Americans as part of government contracting procedure did increase entrepreneurship and employment among black Americana when compared to their white counterparts. In this paper, we look at the alliance between Company A and
community Self Help Groups (SHG) in depth, focusing on the corporate motives, intentions and market parameters for social ventures incubated as part of CSR for a company in a developing country.³

**RESEARCH OBJECTIVE AND METHODOLOGY**

Our approach has been to understand two facets - the issues in incubating social business as part of CSR as well as the challenges such social businesses (may) face in terms of their viability and sustainability. Indian companies are increasing their CSR expenditure and at the same time trying to find the most effective way to build sustainable communities. This case is thus also about a company learning about effective CSR.

In the context of corporate social responsibility, the case explores the challenges/ issues/drivers in corporate facilitation of social enterprise incubation. As part of the incubation, we explore the lessons learnt in community engagement, entrepreneurship development and social problem solving in relation to viability and sustainability. Finally, we discuss whether such corporate led initiatives succeed in bringing sustainable changes in the social landscape of the community.

An exploratory, qualitative approach using single case study has been adopted in this study as it has been advocated as the best strategy ‘for discovery…exploring a new area’ (Miles & Huberman, 1994). A descriptive case study methodology was found to be appropriate as elements of which CSR practices were to be discovered in this research were unknown. Also because finding and describing a design does not involve the discovery and testing of causal relations between variables, this methodology was found to be more useful. The method is particularly useful where contexts are unique and incidences are few and the theory is in an emergent stage (Eisenhardt, 1989)⁴ as well as for issues that are emerging (Yin, 2003) and helps in ‘empirical enquiry (of) a contemporary phenomenon to be investigated within its real life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin, 2003:13). Single cases can be used under three circumstances - when it’s a critical case meeting all necessary conditions for theory testing, an extreme or unique case or a case revealing a henceforth unknown phenomenon (Yin, 1994, pp. 38-40). Walsham (1995) argues that single case allows researcher to investigate phenomena in depth to provide rich description and understanding. Data is triangulated using semi structured interviews, field observation and document analysis.

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³Village based financial groups of women who contribute capital for a business venture (http://en.wikipedia.org/wiki/Self-help_group_%28finance%29)
CASE SELECTION

Patton (1990) suggests ‘purposeful’ sampling with a focus and objective like ‘maximum variation’, ‘typical’, or ‘critical’ cases. He emphasizes that irrespective of the type of cases selected ‘the underlying principle that is common to all of these strategies is selecting ‘information rich’ cases (Patton, 1990, p.181). In a descriptive case study, case selection should be governed by convenience, feasibility and likely effectiveness (Dul & Hak, 2008). These were the deciding factors for selecting Company A in location B. Large infrastructure companies like Company A are facing social resistance particularly in mineral rich, impoverished states like location B. Hence, both were also representative of the CSR practices and challenges. Considering the social value and life cycle of the projects (providing low cost sanitary napkins to poor rural women and usage of local bio resources for livelihood) we selected Shodahsi and Eco SPA among non-farm based CSR initiatives.

DATA COLLECTION

Yin (1994) recommends multiple sources for developing case studies: interviews, documentation, archival records, direct observation, participant observation and physical artifacts. Data was collected from field interviews with company officials, women self help group members, company documents. To develop further understanding of such issues, we also interviewed an NGO member, who has helped another company (ONGC, Hazira) on a similar project as well as a similar project of making re-usable cloth pads currently piloting in Tamilnadu. (See www.ecofemme.org for more details)

DATA ANALYSIS

Data analyzed is in the form of a narrative and conclusions are drawn from such narrative/s. Examples of such work can be seen in Giorgi (1975), Fischer and Wertz (1975), Chesler (1987), Capelus (2002) among others. The ‘story’ or narrative mode of thought also finds support from researchers like Vitz (1990), Howard (1991), Mishler (1990) and Polkinghorne (1988).
INDUSTRIALIZATION, DEVELOPMENT AND CSR IN INDIA.

A process of rapid industrialization has seen the launch of mega projects in steel, power, mining and infrastructure in India. It is seen as a key to India’s growth as a global economy in the coming decades. Many of such projects have seen large scale land acquisition (e.g. Posco Steel), environmental degradation (Sterlite Industries) and social unrest due to loss of traditional livelihood (Vedanta). At the same time, policy makers Mihir Shah and the Indian Prime Minister Dr. Manmohan Singh have expressed concern that such growth has not resulted in sustainable and inclusive development. This has resulted in a number of government initiatives to ensure that inclusive development is ensured in the process of industrial development. New regulations to improve land acquisition norms, a new Mining Bill and a new Companies Act have been proposed. For large industrial conglomerates like Company A, land acquisition and resettlement and rehabilitation of displaced people have been complex issues. Location B, by virtue of its large mineral deposits, has seen a number of protests related to industrial land acquisition e.g. Posco, Vedanta and Tata Steel. Company A, too, has also faced protests from communities who demanded higher compensation and permanent jobs for the displaced. As we will discuss later in this paper, much of its CSR activities have to be seen in the context of a highly complex and volatile socio-economic condition.

The regulatory context of CSR in India has seen rapid developments in the recent past. In the proposed Companies Act, companies are asked to earmark 2% (of average profit of last three years) expenditure towards CSR\(^5\). Non expenditure needs to be reported and explained. It is made mandatory for listed Indian companies having a turnover of Rs. 1000 crore or net profit of Rs. 5 crore. CSR expenditure is already mandatory for 240 Central Public Sector Undertakings (CPSU) and the Companies Act 2011, proposes a 2% expenditure on CSR for about 8000\(^6\) Indian companies. This, we argue, creates a big opportunity to tap corporate ingenuity, infrastructure and resources to solve social challenges. The CSR focus in most Indian companies so far has been short term and seen more as a philanthropic obligation rather than designing long term, participatory and community based approaches (Ray, 2012). On the other hand, large multinationals like Nestle has been experimenting with Creating Shared Value (CSV: Porter, 2011) based models in its supply chain across the world. Either way, we see here an opportunity to link scalable social innovation with CSR in a way that benefits communities. Scalability seems more viable when we talk of large, multi location corporations like Company A working with multiple communities and NGOs.

\(^5\) [http://www.thehindubusinessline.com/companies/new-companies-bill-focus-more-on-csr/article4047427.ece](http://www.thehindubusinessline.com/companies/new-companies-bill-focus-more-on-csr/article4047427.ece)

\(^6\) Based on the Companies Act 2013 and discussion with CEO, Indian Institute of Corporate Affairs, Ministry of Corporate Affairs, and Government of India on 4th April, 2013.
CSR AT COMPANY A,

With an annual turnover of $3.5 billion, Company A is one of India’s leading steel and power conglomerate with activities in power, oil and gas, infrastructure and mining. Company A has global ambitions, with operations in Oman, Mozambique, Indonesia, Australia and plans for setting up power plants at Senegal and Botswana among other countries. It plans to build world’s largest steel plant (capacity 18 MTPA) and having a power generation capacity of 10,000 MW by 2020. The company claims to have improved infrastructure, education, sanitation, and health and water situation in the area where it operates. In India the company operates in the states of Odisha, Jharkhand and Chattisgarh.

In location B, where this case is set, the company has been a big investor: a 6 MTPA integrated steel plant and a 1142 MW captive power plant makes it one of the largest investor in the state. Also in the offing is a coal gasification unit. Projects in the state use latest technology and innovations in the field of steel and power. A number of other projects are planned in the area including an industrial park that can provide employment to 30,000 people and many downstream units.

Company A’s CSR approach can be captured from the following:

Our Approach
People Public & Corporate partnership

Implementation of scheme by involving people through local Panchyat
The company’s CSR strategy involved development of model villages, working with government and people and addressing local needs of the communities. At location B, the company focused on education, health, sustainable livelihood, community infrastructure, sports, youth and cultural bonding and natural resource management.

In location B, CSR was started by the company’s Human Resource Department with philanthropic activities. Over a period of time a separate CSR department was formed with the help of professionals and the process of evolving continues - 'you are meeting us at a point of transition' (employee S, personal communication, March 12, 2013). Activities of the CSR department are only two years old and some of them are even less than a year old. There are two broad types of livelihood initiatives under CSR - farm based and nonfarm based activities. Among farm based activities, community diary, pisciculture and animal husbandry are prominent. A recent focus on water shed management will look at multiple activities including livelihoods. Given the newness of the initiatives, it may take some time for the CSR projects to crystallize. Yet, at this stage they offer insights into challenges faced by stakeholders in relation to incubating entrepreneurs as part of CSR. Among the non-farm initiatives, livelihood units focused on sanitary napkins, herbal cosmetics, ayurvedic products (rupashi), jute fabrics (odifab), waste paper recycling, and food processing (chaiti) and incense sticks. Each has created its own ecosystem, trying to find and nurture markets. All units are run by women from Company A’s Resettlement & Rehabilitation Colony. Across the company we heard that the CSR initiatives, particularly the livelihood projects are not seen as full blown enterprises but more as a way to engage women (from the R&R colony), ‘we want to reduce their drudgery’ (employee P, personal communication, March 12, 2013) and give them some economic independence.

Though no official figures were available, based on our field conversation we estimate an expenditure of Rs. 9 crore on CSR at location B.

**LINKING SOCIAL ENTREPRENEURSHIP AND CSR**

“Social entrepreneurs are the essential corrective force. They are system-changing entrepreneurs. And from deep within them (and therefore their work) are committed to the good of all. Whenever the world needs to turn in a better direction, they emerge to ensure that it does so. “(Drayton, 2013)

In this paper we argue that Corporate Social Responsibility regulations provide an impetus to incubate social ventures. Traditional CSR activities include health (clinics, awareness programmes), education (building of schools, supporting teachers), water (providing tube wells, mobile supply through tankers during summer),

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7 Supplied to ITC, a Indian FMCG company
8 A residential colony built for the project displaced people. As per Indian regulations, companies acquiring land from landowners are legally bound to provide resettlement and rehabilitation (R&R) facilities. See http://www.dowroDisha.gov.in/ActsnPolicies/RnR/RnRIntro.htm for Odisha’s R&R policy.
infrastructure (roads) and donations for sports and cultural activities. Such programmes are not linked to the concept of sustainability, sustainable development and triple bottom line, even though for Company A, like many other corporations, we can find CSR and environmental initiatives clubbed under sustainability. They are often driven by high ranked executives and their personal value systems. At Company A, too we heard of a ‘cultural complex’ coming up, driven by one of the top management members.

Given the Indian government’s plan for a mandatory CSR for all companies, CSR programmes could make a significant difference to the social landscape of the communities where companies are operating. Situating social business incubation as a CSR activity serves multiple needs: addressing the social needs of the community sustainably and providing livelihood instead of one time benefits. Importantly, since companies understand the language of business, we argue that incubating enterprises can draw from the corporate talent pool in planning, monitoring and evaluating business models. The idea is not new though not much explored in the context of learning and sustainability of such social ventures. For example, in the Dharmapuri district of Tamil Nadu, Titan has initiated women entrepreneurship as a response to female infanticide and low standard of living for women in the area. ONGC Hazira has worked with women to help them earn livelihood through manufacture of sanitary napkins, bamboo products and tailoring units. In both the cases providing sustainable and independent (from the host company) market linkages remain a challenge.

**THE TWO INITIATIVES: SHODASHI AND ECO-SPA**

“….the work of creating new markets in places where markets have failed and aid has fallen short is long, messy, and difficult. The road to large scale in underserved or nonexistent markets where people earn only a few dollars a day requires not only capital, but also leadership, management support, and strong systems that help support growing companies over time. All of this takes a sort of hard-edged patience and a gritty determination to do what is right, not what is easy.” (Novogratz, 2013)

Company A’s focus in the health area is to stabilize or reduce population growth rates in the communities it operates in. Towards this end it is working with District Health Organizations, National Rural Health Mission and district administration to reduce Infant Mortality Rate (IMR) and maternal mortality rate (MMR)

“Women are the hidden engines of economic growth. By investing in women we are seeing real social and economic development” (Casanueva, 2013)
A. Shodashi- The project

Sanitary napkins are commonly used by women all over but it is the rural woman for whom it still remains out of reach. Either it has been found to be too expensive, or women have to travel too far in order to buy it. The rural woman has mostly resorted to the traditional method of using cloth. This has also made her extremely vulnerable to bacterial and fungal infections in the cervix, ultimately affecting her overall reproductive health.

In tandem with one of the Millennium Development Goals and as part of its CSR, Company A at location B aims at improving the health of both mother & her new-born child. Activities include health camps, mobile ambulances, and awareness campaigns among target groups.

It has been observed that there is a high incidence of school drop-out amongst adolescent girls living in the rural areas. It is common practice for these girls to miss school during their menstrual period owing to the inconvenience caused by the use of cloth as well as the lack of proper toilets and water facilities in rural schools. Three reasons were attributed to the practice of using cloth during menstrual cycle: First, affordability- women in remote villages could not afford branded napkins. Second, many women and young girls were not aware of the disadvantages of using cloth including the risk of infection. They also did not know about the advantages of absorbent pads that could make life easier. Third, social inhibitions around discussing menstrual problems were considered taboo in many villages and many girls could not ask their brother or father to buy napkins for them.

As an extension of the initiative on mother and child health care, the CSR team at Company A conducted a Health Household survey in the periphery villages of Company A, location B. The need for low-cost good quality hygienic napkins emerged in the survey and propelled the setting up of Shodashi (also the brand name of the napkin) – the sanitary napkin manufacture cum training unit.

By getting to use a sanitary napkin at a rate that is extremely affordable, rural girls no longer feel the need to miss school each month. The access to better menstrual hygiene brings along a sense of independence and convenience that has a direct correlation with young girls being able to complete school education and move on to colleges for higher studies (employee P, personal communication, March 13th, 2013). This pushes up the minimum marriageable age of girls living in rural areas. As a cascading effect, women attain motherhood at an age that is medically safe and healthy for her and the child to be born.

With technical inputs from the inventor and patent-owner who was awarded the National Award, this low cost sanitary napkins training cum production center was launched in location B. To impart training to SHG women members in the plant periphery, outside expert trainers were brought by company A. After the training, they started the production. The technology used is simple and non-chemical. The machine uses semi-automatic

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9A large part of this section borrows from company documents.
processes such as grinding and de-fabrication, pressing and sealing to convert high-quality wood pulp into a sanitary napkin. A pack of 8 pads is now made available to the hitherto unreached rural woman at a cost as low as Rs.16/-. The 16 pads packed napkins costs Rs.30.00 as against the cost of the Hindustan latex’s produced low cost sanitary napkin @ Rs.15.00 for 6 pads. Shodashi is delivered at the door step of the rural women through ‘Kishori Express’, two customized medical vans for controlling adolescent anemia in girls operating in two blocks of location B catering to 350 villages and 2200 families. Shodashi, as a CSR initiative is also an example of converting one of the critical personal health needs of a woman in a sustainable livelihood option for women in SHG mode. The rural women make it, sell it, buy it and use it. This model is now getting replicated across Odisha and adjoining Chhattisgarh either independently or after getting information from Company A. There are talks going on to arrange for a large order from the National Rural Health Mission that could sustain the project. Currently the project has the capacity of producing 1000 pads per day.

B. ECO-SPA

ECO-SPA is an innovative initiative designed to support sustainable livelihoods and micro-enterprise promotion where women from local villages bring together locally grown fruits, vegetables and herbs to produce high-quality herbal body care products for the urban and affluent market. The ECO-SPA Rural Women SHG Initiative promotes wide spread socio-economic development, takes care of environment, emphasizes responsible consumption, nurtures nature, promotes organic agriculture thus strengthening the traditional knowledge systems. Local fruits and herbs like Mahua leaves, fruits, papaya, and tomato have little market value and are wasted. Many women used to collect dry mahua leaves and fruits and sell it to the middleman for a nominal amount. By using and reinvigorating the local bio region, adding value to the processes the enterprise aims at bringing a better quality of life to the local women.

The ECO-SPA self-help group has been functional in the R&R Colony at location B for over a year now. Initially, the group consisted of 13 women from across 3 villages. Looking into the market demand, the total production process has been catered by developing satellites units in two villages involving the participation of over 100 women in Self Help Group mode where basic soaps are manufactured. The basic soap is then sent to the mother unit at R&R Colony for further value-addition. To ensure a smooth supply of raw materials, backyard herbs gardens are developed where women grow the aloe-vera, hibiscus, rose and basil in their backyards. The group has a functional bank account in their name. Company A provides market linkages with the urban market such as high-end designer stores, boutique hotels and brands dealing with organic products. All products at ECO-SPA are hand-crafted and involve minimal use of machines.

The unit works under the following process: selection of entrepreneurs, promoting herbal gardens in the backyard, building capacity on product development, helping with testing and licensing and creating marketing linkages through fairs and corporate gifts. Women from 4 periphery villages are currently engaged in the enterprise. They earn Rs. 2000 per month in the Mother Unit & Rs 700 per month in the Satellite Unit (village units responsible for sourcing and supplying raw materials)
RTBi is currently involved in supporting entrepreneurs in building ventures to promote livelihoods, education, healthcare, agriculture, connectivity and financial inclusion in India’s rural areas. As an Incubator, RTBi leverages information and Communication Technologies (ICT) for social development, supports young entrepreneurs aspiring to evolve rural inclusive business models, and mediates between urban enterprise and rural potential. RTBi uses business incubation as a strategy and methodology for rural and social development towards imparting facilities for capacity building, income generation and enabling services (Rural Technology & Business Incubator, 2009). As mentioned earlier, out of 16 incubators involved with social enterprises, only RTBi housed within an engineering Institution of higher learning like IIT, Madras is addressing the needs of rural India

**FINDINGS**

Findings can be classified into two dimensions, first those related to strategic management of the CSR projects and the livelihood initiatives as a whole, seen from the perspective of Company A managers and as a result of such orientation; second, issues related to Shodashi and ECO-SPA. In terms of stakeholders two groups were interviewed: Company A’s managers related to the ventures and women SHG members. COMPANY A managers were divided into three categories: Senior Management (responsible for strategy making), Middle Management (responsible for planning and implementation), and Junior Executives (responsible for implementation and monitoring). The social venture related issues were classified into opportunity identification, monitoring, evaluation, sustaining and scaling. (Kickul & Lyons, 2012)

**A. Managing CSR And Livelihood Initiatives- A Risk Management And Social License Perspective**

The two ventures studied in this paper are among many initiatives undertaken by Company A as part of its CSR. It is important to understand the broad thinking behind such initiatives if we have to comment on the viability and future of Shodashi and ECO-SPA as well as the feasibility of such ventures as part of CSR.

The location B plant, which was operational in July 2013, is the largest plant of the group. Given its importance in achieving the corporate targets and the volatile history of the social protests in location B, it is imperative that Company A develops a community engagement programme that can help them achieve their vision of ‘sustainable industrial and social development’ (company websbite) in the region. Engaging with community members is high on the priority list of the company: ‘livelihood is a continuum of the corporate CSR strategy to engage the community- the men are engaged in plant and contracting jobs...School engages children...Unemployed youth get training in vocational courses...Then we thought about engaging the women” (employee C, personal communication, March 12, 2013)

The CSR work of the company is showcased to national and international visitors. One senior executive in joint charge of CSR and Corporate Communication, reflects the current thinking of CSR as a ‘facilitator, critical enabler’ (employee H, personal communication, March 13, 2013) for the community.
CSR projects are generally implemented in partnership with NGOs and civil society members. In the case of Company A, the company has a team of forty professionals under the CSR department that works, almost without any partnership. Company A maintains that working with its own team helps them to know the pulse of the community, ‘taste the fire if there is a problem’. And there is no dependence on NGOs for understanding what is going on the ground...’this sort of engagement cannot be done by NGOs (employee H, personal communication, March 12, 2013). This is seen important when all business processes are yet to start “more Greenfield projects are coming- more people will be displaced- the people already displaced should speak well of us” (PH)

The cases studied in this paper are only the ‘non-farm based livelihood projects’ (Chatterjee, 2013). The design and the rationale of the entire CSR project portfolio is not clearly articulated but decided almost on a real-time basis- shaped by community reactions, business situation and requirement as well as the preferences of the senior management. For example, among the farm based initiatives, projects on watershed management featured prominently in our discussion. The project is the brainchild of the CSR head who has vast experience in micro enterprise and watershed management. An integrated cultural complex at location B, a dream of the CEO’s wife is also featured among the future plans.

The other strategic issue is related to the long term plan of the company in the region as well as the option of having an ‘exit strategy’ (employee H, personal communication, March 12, 2013). The company was willing to look at the option of expanding the size of Shodashi and ECO-SPA but not sure to what extent and what would happen if such expansion is not sustainable. Apart from market viability of the ventures, there is an effort to gauge risk-return tradeoffs in such decisions. Here again, the dominant thought is what would happen if income level is raised to Rs. 10,000 per month compared to the present Rs. 2000 and then it cannot be sustained (employee H, personal communication, March 12, 2013). The CSR department maintains that though broad directions are given by the group CSR head, the entire strategy is developed locally based on local needs and realities. For example though the CEO had a focus on family planning, the CSR team felt the more immediate need to address maternal health, based on their daily interaction with the community.

One interesting finding relates to CSR investment in relation to project life cycle. Most CSR literature on implementation assumes a company to be operational and cash flow positive before it starts spending on CSR. In the case of Greenfield projects, companies like Company A require agreement of the local community to acquire land and start operations- a social license to operate. Highlighting the social license aspect of CSR, companies like Company A are now investing a bigger amount even before their plant starts producing. Company A’s junior executives were more focused on tactical issues related to CSR implementation- identifying needs, visiting villages, interacting with SHG group members and scouting for orders for their livelihood units. Visitors to the livelihood centers were requested to consider procurement. They worked towards getting licenses and trademarks for the enterprises. The executives, particularly the trainees enjoyed working with the community and appreciated the close relationship they enjoyed. They brought in to the ecosystem a dedicated effort built around the corporate requirements for building a close-knit relation with women members of the community.
An integrated CSR strategy is yet to be formed. All CSR team members meet quarterly for review and discussion. The current focus is ‘to have a business plan’. (employee C, personal communication, March 13, 2013) The dominant CSR logic of all activities is presently guided by local project requirements rather than a centralized vision and strategy. With the appointment of a new CSR head this may change over time.

B. Women Entrepreneurs

The focus of the livelihood initiatives are primarily those families who gave up their land to Company A. Four entrepreneurs from the two initiatives were interviewed on their experiences. They were compensated for their land. Later they were approached by the company for meaningful engagement. “Since the company has taken our land there is not much to do” (interviewee 1). Project displaced women are at a loss once their traditional lifestyle of helping families in farming is gone. This has led to more tensions in the family. The other members were more positive… girls can buy napkins from us—it’s our way of moving forward’ (worker 2)… we don’t have to wait for men; we can buy our saris, bangles’ The enterprise gave them ‘a space to come, discuss…Share family issues’. The income from the enterprises could go up to Rs.3000 per month but only when orders were there. Sales come from supplies to local fairs but the market demand is not steady. The greatest difficulty, according to the women, was fluctuating demand, erratic electricity supply and mechanical problems. With farming land gone, the enterprises were giving women an alternative space to be present which in Company A’s version ‘reduces their drudgery’ (employee S, personal communication, March 13, 2013). All women wanted these businesses to grow and also expected some sort of government support for helping them “government can come forward to help us”.

Though well intentioned, it was not easy for company officials to convince women about the benefit of entrepreneurship. “They would rather take up building temples rather than working for a livelihood (NC). ‘Initially nobody was interested’ and it took multiple rounds of discussion. One benefit of Company A’s was breakdown of caste based barriers. ‘people who would not take a cup of tea from one another now come and work together’

In the Mexican context Casanueva (2013) has seen women entrepreneurs facing multiple challenges: “… lack of social networks, an underdeveloped entrepreneurial business culture, few business skills, no access to mobile technology, and limited contact with professional business development services.” Almost all of them seem to exist in location B too. However, given the fact that both businesses are less than two years old, one may expect changes in the future.
C. Social Business Related Issues

What problems do social businesses like Shodashi and Eco-Spa face? We identified the following key areas

1. Ideating

The idea of a social business to improve rural women’s health is innovative and addresses concerns of multiple stakeholders - central and regional governments, communities, health officials and company managers.

The idea of Shodashi came from Company A’s focus on health through ‘population stabilization’ programmes. As part of its community outreach through Kishori Mondals, high maternal mortality rate and infant mortality rates were noticed. Discussion with government health officials confirmed this. The District Collector of location B also had an active interest in women and child issues and encouraged Company A to work on this theme. Local gynecologists mentioned high infection rates among menstruating women, heavy bleeding during their periods, leading to anemia. Workshops held to identify the cause of high anemia pointed to 2-3 reasons: girls getting married early, lack of sanitation and hygiene and lack of awareness on health and nutrition. Branded napkins wherever available was also beyond the reach. In some cases, ‘mothers used to pay college going girls for such napkins’ (employee S, personal communication, 2013 Once Company A decided to take these issues up as part of their CSR- the first choice was the idea of distributing branded napkins but later discarded “the nature of CSR is changing..People are not accepting philanthropy..They want something sustainable” (Ibid)

Company A’s effort to focus to women and child health and its linkage to entrepreneurship was more of serendipity with its earlier CEO one day noticing the work of Indian innovator who has developed a low cost manufacturing model for napkins… and encouraging his CSR team to take up the idea of promoting usage of sanitary napkins among rural women through self help group and women entrepreneurship: ‘he liked these sort of soft projects and used to tell us “engage them for a better thing and focus on women… if she has some extra money it will go back to the family” (PS, 2013). Thus it is the corporate focus on women and child health coupled with regular interaction with community and an active senior management interest that Shodashi was born. The idea of Shodashi is now planned to be replicated in other company units at Raigada, Patratu as well as in other companies in the state like Essel Mining, Rio Tinto. The government has also started a similar exercise in Balasore.

The idea of ECO-SPA came after encouraging response from village women with the Shodashi project. The idea was primarily to open multiple engagement fronts that matched with ‘local resource, skill and capacity’ (PH). In this case it was to use local vegetables that have low market value and were getting wasted. Elsewhere,

Village based groups of adolescent girls- a government initiative under ICDS
protests against the company and demand for jobs continued. Realizing that giving jobs to all displaced people was not possible, the company started promoting the idea of livelihood initiatives first as a pilot with community women ‘if we can develop confidence among women( that they can earn livelihood themselves), slowly we can develop confidence among men also’( employee C, personal communication, March 13, 2013)

2. Monitoring And Evaluation

Monitoring is done by Company A’s team on a regular basis. SHG registers kept at the centers are checked and meetings held. There are also visits to the villages that supply raw materials and packaged products (the livelihood centre at location B acts as the ‘mother centre, a node for the women associated with the project). While the CSR team members visit the villages or the livelihood centers daily, senior management makes a visit once a month, enquiring about the issues on the ground. One indirect success of the efforts is the company’s initiative to start multiple SHG led businesses in waste paper, agarbatti production. The food production unit Chaiti makes food products and has a good market within the Company A’s Township itself.

Company A officials claim that local gynecologists now report lesser number of infections amongst menstruating women (PS, 2013) although there has been no formal evaluation so far of both the projects. Without a proper market linkage it is also difficult to evaluate the Shodashi project. However, for both the cases company officials claim that the primary objective of ‘reducing the drudgery of women and giving them some disposable income’ (employee H, 2013; PS, 2013, employee C, 2013) have been met. The enterprises were mooted to provide ‘supplementary income’ and never as core income. As we will see below, this has consequences for scaling up these ventures.

‘Initially nobody was interested (in using napkins) …Now R&R colony is totally convinced (about the benefits of using napkins) (employee S, personal communication, March 12, 2013)

‘Though there is no formal evaluation… we know it is working…we come here daily…Often there are heated arguments…Shouting…Then they invite us for dinner at their place…This is the type of relationship we have (employee B, personal communication, March 2013))… Feedback system also exists for the workers even as the manager in charge admits ‘it is too early to assess impact‘ (employee C, personal communication, 2013)

This kind of social innovation incubator at Company A has not led to the creation of an innovation eco-system though many enterprises are planned as part of CSR. Though we did not look at it very closely, there is also no evidence of community pitching with business ideas to the company. Rather, it is Company A’s energetic CSR team that continuously explores options to keep community meaningfully engaged.
3. Sustaining and scaling up

‘Shodashi as a major income generation activity has not gathered momentum…for that we have to upscale…there is a demand…but...margin is not enough (employee S, personal communication, March 13, 2013)

‘Women are not working 8 hours...Machine is working for 6 hours a day...Only those who can come are coming’ (Ibid))

‘Our ultimate goal is to make this sustainable, slowly we are withdrawing’ (Ibid)
‘No where SHGs are given good support- only document is there- we are actually supporting them here’ (employee B, personal communication, March 12, 2013)

Sustainability and scaling up are core issues in discussion in social entrepreneurship. In our study, we found two levels of issues. At the macro level it is the company’s strategy and position in the project execution that governs all thoughts on sustaining and scaling. At the micro level, unique characteristics of products play a role in defining the future. The interplay between these two levels happens simultaneously. While junior executives point out the difficulty in market linkage, senior managers point to the relation between CSR initiatives and the overall company position in the region.

Another issue related to the idea of providing ‘supplementary income’ through these initiatives is the social dynamics of displaced families “Consider a 53 year owner who has given land to Company A. His son gets a job with Company A...and now if we give his wife a full time job...The in-laws ( of the woman worker) will become servants…family will be destroyed.”.. (employee H, personal communication, March 13, 2013)

Making it bigger will destroy social cohesion’ – that is not the objective of micro enterprise and supplementary income (Ibid)

“If Shodashi becomes too big...it can…target market will change, these women are not suited for that sort of a model”. It is possible for ECO-SPA to expand… with the help of a partner… who understand the language of the market...of a customer who wants a sun block. (employee H, personal communication, march 12, 2013)

Livelihood initiatives were initially started with complete funding from Company A as well as some stipend for workers. The company faced resistance when it started discussing exiting and making the units self sufficient. It is yet to find a way out for this…” they have to understand we cannot continue lifelong’ (employee C, personal communication, March 13, 2013). The CSR team is trying to convince community members to deposit part of their earnings in a common pool-which can be used for buying raw material or even withdrawn during emergency.

Company A is hopeful that up-scaling will happen but not sure how and when. An extreme sensitivity about community sentiment and possible (negative) reactions from the community against such decisions influence strategy making in livelihood initiatives. This is also evident from the senior management view that up-scaling is not an issue but such scaling should not be forced on the community: ‘in Greenfield projects we cannot take so much risk to impose certain things on the community’ (employees, personal communication, March 12, 2013)
The challenge to scaling up and sustainability is this approach of CSR as a tool for social license – the extent of Company A's effort is bound by the community support for the industrial development ‘we can’t increase their drudgery - so they come in their free time... Machines are not getting utilized fully' (employee S, personal communication, March 12, 2013)

"We are playing a role bigger than an incubator...if this fails... we have to try something else...like a parent teaching a child to cycle... we have to make them succeed' (employee H, personal communication, March 13, 2013)

Also the fact that the social enterprise is more an outcome of health focus (in case of shodashi) rather than livelihood..."maternal health is the primary focus not livelihood...it is secondary focus" ...' we are not giving them the opportunity' ( to contribute and expand) (employee S, personal communication, March 12, 2013)

At the micro level, market linkage seems to have improved with many SHGs agreeing to buy the machine. There is also the possibility that the National Rural Health Mission (NRHM) will buy the napkins as part of their own programme to improve rural health. Some market linkage is provided by putting the business products in guest houses and as part of corporate gifts. The ECO-SPA products are used at Company A’s guest houses in different parts of the country.

In the case of Shodashi, where the focus is to reach areas where napkins are being used, the project is constrained by distribution difficulties. Distribution only with Kishori Express (mobile health vans run by Company A as part of their CSR) limits its reach. The other issue is its positioning as a low cost napkin. In local school hostels, young girls, after having tried Shodashi, now use branded napkins from Unilever which have better features and more attractive packaging... ‘they want to compare our products with stayfree11 ’( employee S, personal communication, March 12, 2013). “Since the objective is to reach the unreached, we can exit Shodashi any time” (employee H, personal communication, 2013). CSR executives also found that tribal girls, generally below poverty line, have more fascination for branded napkins than non tribal poor girl students who were more open to use Shodahsi.

In the case of ECO-SPA, CSR managers claim that very few brands exist with both these features. Scaling up is likely to happen once the SHG gets its license. Efforts are also on to improve the packaging for the domestic market. Some 5 star hotels in the city capital have shown interest to stock the products for their guests...‘brand establishment in urban markets is a challenge’ (NC).

As a result of the above thought processes, one sees more horizontal expansion through multiple small enterprises rather than scaling up of single enterprises. In our view this is a significant finding that contributes to the literature on CSR implementation through entrepreneurship promotion

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11 A branded product from Johnson and Johnson
LIMITATIONS OF THE STUDY

The inherent problem of case data (and qualitative data, in general) lies on the facts that they occur naturally over a period of time, are grounded and bounded in context, rich and holistic and flexible for interpretation. The inherent limitations of the case research method apply to our research, too: data collection and data analysis are both subject to the influence of the researcher’s characteristics, background. Such research is heavily dependent on researcher’s interpretation of events, documents and interview material (Galliers, 1992). Saying this, we find that there is very little information that the company makes public on such initiatives, particularly when it comes to evaluation. Getting corporate managers to talk about controversial issues in CSR is difficult. Even if they do, they are expected to take a pro-company stance. Thus getting unbiased managerial perspectives on the case studies dealt with in this study is difficult. Village women are shy of outsiders and it was difficult to get responses from them.

CONCLUSION

This case study investigates the issues and challenges in incubating social businesses as part of CSR. It examined two ventures, one making low cost sanitary napkins and the other herbal cosmetics from local fruits and herbs, facilitated by Company A in its plant in location B, India. The issues and challenges could be identified across two stakeholder groups: Company A managers and women entrepreneurs. For the company officials, CSR is seen as a social license to operate and programmes under it are influenced by the position of the Greenfield project that Company A operates. Social businesses like Shodashi are seen more as initiatives to build harmonious relationship with the community than a social problem solving initiative. The women SHG workers are mostly from families who sold their land to the company. With farming land gone, they found themselves relatively idle. For them, the businesses do provide a source of alternative income, a space to bond and monetary independence to some extent. The involvement of the company has brought in skill, capital and competence to the social businesses In future, the company may help these ventures to scale up or take up multiple such social businesses- depending on its (still evolving) CSR outlook.

One could also see how a CSR centric social business could affect various dimensions of the business itself- the social opportunity identification, monitoring, evaluation, sustainability and scaling up issues. One important finding of this study is the fact that livelihood initiatives like Shodashi could face constraints that are functions of the corporate interest and positions. Expansion of such business may mean more (social) enterprises rather than scaling up. More number of businesses can satisfy multiple stakeholder groups in villages rather than a single big organization.

Summing up, businesses can play a crucial role in identifying social needs as part of their CSR scoping process. CSR provides a platform to reach out to the communities and identify their key concerns. Such needs could be filled by mapping existing social innovations with community requirements. In the next stage, facilitating a community led social business around such social innovations could significantly improve the quality of life of community members. Such incubation exploits corporate expertise in value creation and delivery. Well established corporate systems and processes add resilience to such community enterprises, poising them on a path of growth and self reliance.
Using social innovation and incubating community led social business could well be the future of CSR implementation. Such an approach will require a well staffed CSR team that could build relations with the community, identify their needs and build capacity among community members. At a later stage, the CSR team should be capable of identifying and linking markets to goods and services produced by these businesses. This will involve help in getting such enterprises registered and create a brand of their own. The top management then, needs to walk the talk by letting such incubators take their own course and build up a flourishing social business.

The challenge lies in responding to the needs of the incubator on a real time basis, irrespective of the corporate situation. Community based incubators (particularly those involving women) need help in getting organized - it’s the first ‘job’ for many of them and the social novelty of working outside the home means high amount of hand holding and training. It is easy for such group members to get de-motivated when demand is low or infrastructure inadequate. Broader corporate-community relations often reflect in the micro enterprises that are incubated. This could be both an opportunity and a challenge for the CSR team and the corporate management.

Such businesses, if supported by the government and linked to markets, could bring significant change in the quality of life of communities. CSR, then, could become an agent of change in the social landscape of India.
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