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**New and Renewable Energy Social Enterprises Accessing Government Support:
Findings from India**

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Abstract: In a world that increasingly invites private actors to address social needs, there has been a rise of social enterprises in a variety of sectors, including new and renewable energy. As of yet, little research has focused on how these enterprises interact with government policy in low- and middle-income countries. This research specifically explores how social enterprises operating in rural India with decentralized renewable energy solutions seek to access government support, and what strategies they adopt to engage with the government. An inductive theory-building approach was adopted to explore this and advance current knowledge in the boundaries of social entrepreneurship and policy. We propose ‘Engagement’ and ‘Disengagement’ as the two strategies used by social enterprises in this context in accessing government support and policy. ‘Engagement’ is a strategy comprising of the tactics: (a) Leveraging Policy, (b) Building and Leveraging Relationships, (c) Lobbying, and (d) Monitoring. ‘Disengagement’ is a strategy comprising of the tactics: (a) Avoiding Government Presence, and (b) Disengagement from Policy.

Keywords: Renewable Energy, Social Entrepreneurship, Policy, India, Political Strategy

1. Introduction

Across the globe, access to clean, affordable and reliable energy remains a challenge as low- and middle-income countries try to address the 1.1 billion people without electricity and the many more who have poor quality or unreliable access (IEA, 2017). Increasingly, private sector companies have been invited into the new and renewable energy (NRE) sector to help provide public services where governments cannot reach (Martinot et al., 2002; Surana and Anadon, 2015). These companies often take the form of social enterprises, focus on addressing social and environmental challenges at a societal level through innovative

business models (Mair and Marti, 2009; Doherty et al., 2014; Haugh and Talwar, 2016; Sengupta and Sahay, 2017b). In the NRE sector, social enterprises predominantly focus on small scale renewables or expanding electricity access through decentralised systems (Jolly et al., 2012; Sonne, 2012).

This is also a sector known for its heavy government intervention, as low- and middle-income countries try to encourage clean technologies while also promoting economic development (Niez, 2010; Cook, 2011). Emerging economies have explicitly incorporated NRE policies in their rural electrification programmes to mixed success (Urmee and Md, 2016). However, policy uncertainty has been a persistent barrier to investment across most countries (Moon et al., 2016). Although most literature agrees that policy interventions are needed to provide sufficient energy access for the rural population, there is some debate about what those interventions should be (Glemarec, 2012; Hanna et al., 2017). Scholars have suggested that there is still significant scope for a better integration of policy interventions with NRE markets in order to improve policy outcomes (Balachandra, 2011; Gabriel and Kirkwood, 2016). In the energy access space in particular, regulation of off grid areas and the threat of grid extension are large policy risks to private actors (Bhattacharyya, 2013a; Bhattacharyya and Palit, 2016; Malhotra et al., 2017).

Social enterprises in the NRE sector must negotiate how to approach government institutions and policy interventions in order to manage such risks. The political strategies that social enterprises take are likely to impact the efficacy of interventions, which rely on the engagement of market actors with such programmes. And yet research in political strategy focuses almost exclusively on large Anglo-American multinational corporations (Pfeffer and Salancik, 1978; Mezner and Nigh, 1995). Likewise, the history of more than two decades of social entrepreneurship research has focused on the high-income countries on both sides of the Atlantic, and predominantly ignored the phenomenon in the developing and emerging

economies (Bruton et al., 2008; Kiss et al., 2012; Doherty et al., 2014; Ratten et al., 2016; Sengupta and Sahay, 2017a). Emerging economies are quite different from developed countries in the overall socio-economic, political, and institutional environment, government support, and access to finance (George and Prabhu, 2003; Bruton et al., 2008). This is likely to significantly affect SEs because they work far closer to the Bottom of the Pyramid (BOP) compared to any other business.

This paper aims to address this gap in the political strategy literature and the work on social enterprises, by using constructionist grounded theory to develop a conceptual framework for understanding how NRE social enterprises in the Indian context conceive of political strategies and the actions and tactics that they take. The paper first introduces the background on such enterprises in India and then gives an overview on where this fits into the study of political strategy. Section two then outlines our research questions, before section three explains the approach of the grounded theory methodology. From there, section four outlines the construct of political strategy as illuminated in interviews with 14 social enterprises, offering up propositions for the relationship between aspects of the market and political tactics, to prompt further research into this field. Finally, a discussion of resource dependence theory helps situate these findings in the political strategy literature.

1.1. New and Renewable Energy Social Entrepreneurship in India

India is an ideal case study because of the proliferation of social entrepreneurs focusing on cutting edge and renewable technologies. India has seen the rise of SEs weaving solutions in pockets, collectively forming a force to emancipate the rural poor from economic and social evils (Jolly et al., 2012; Sonne, 2012). These social entrepreneurs have been able to generate earned-income strategies for the communities to combat poverty conditions at the grassroots (Sloan et al., 2014). They have worked towards the emancipation of people from social taboos, lack of education, lack of independence, and lack of access to money and

market, and achieving empowerment to win over poverty and freedom from patriarchal feudalism (Haugh and Talwar, 2014).

It should also be noted that unlike registered societies, cooperatives, or companies, ‘social enterprise’ does not exist in the Indian legal framework as a company format for incorporation (registration). Therefore, different actors in the social entrepreneurship ecosystem of the country, tend to consider those enterprises as social enterprise which combine the logic of market orientation and social value creation for achieving a social mission, irrespective of the legal identity of the enterprise; be it a cooperative, a trust, a society, a section 8 company, or a private limited company (Sengupta and Sahay, 2018).

One of the recent major upcoming sectors for social entrepreneurship in India has been the NRE sector. Social entrepreneurship interventions in NRE tend to solve problems related to access to energy in the BOP clusters in rural India (Surie, 2017). In 2015, home to 1.3 billion people, there are 240 million Indians with no electricity (IEA 2015). NRE social entrepreneurship interventions in India have been addressing the problem of lack of access to electricity through innovative technology and business models (Jolly et al., 2012; Sonne, 2012; IEA, 2015). However, since SEs cannot function at the scale and volume of large scale corporate enterprises, many still rely on government support, which makes it necessary to identify how they access that government support to create impact.

1.2 Policy Landscape

As mentioned above, social enterprises in the new and renewable energy space predominantly focus on expanding and improving energy access. The Government of India has implemented a coherent strategy for expanding electricity access from the grid through the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) (2005-2015), which continues through the current Deen Dayal Updhyaya Grameen Jyoti Yojana (DDUGJY) (2015-present). Alongside this, the Jawaharlal Nehru National Solar Mission (JNNSM) has

supported solar projects, including off grid technologies through subsidies and loans (MNRE, 2012). This initially incorporated subsidies and loans for solar home systems and microgrids, but the solar home system component was cancelled in 2015 and again in 2017 (MNRE, 2017). Alongside the national electrification schemes, the central government also implemented the Distributed Decentralize Generation (DDG) scheme, which identified remote villages and contracted businesses to provide off grid technologies, predominantly solar home systems (DDG, 2009; REC, 2015)

The role that off grid energy was intended to play in the larger scheme of rural electrification was not clearly delineated in these policies and so enterprises had different perspectives on whether their work was a stop-gap technology, the future of energy, or intended to be integrated into the national grid. This is important because it meant that the enterprises interviewed had different perspectives on the trade offs between grid expansion and their own future viability (Urpelainen, 2014). It should also be noted that the Government of India claimed to have electrified every village in the country by April 2018, and that by the end of March 2019, the Government claims every household will have an electricity connection (D’Cunha, 2018; Al-Rikabi, 2019). These figures have been disputed, and the continued existence of off grid companies in the country suggest that, from a commercial perspective, there is still a market for such products, and a strong need to address the lack of access to electricity which is still a basic societal problem in many villages spread across rural India (Urpelainen, 2019).

1.3 Political Strategy

While it is understood that entrepreneurial and other market actors respond to policy interventions, they also attempt to influence policy through corporate political action (Sarasini, 2013; Herbes et al., 2017). Research on political strategy helps us better understand how and why enterprises attempt to shape the environment around them (Hillman and Hitt,

1999; Getz, 2002). However, literature in the field has a focus on western contexts, particularly the USA and Europe (Cook, 1996, pg 63; Getz, 2002; Lawton et al., 2013, pgs 86-87). There has also been a dearth of research on small and medium-sized enterprises (SMEs), with the notable exception of Ronald Cook (Cook, 1996; Cook and Barry, 1995; Cook and Fox, 2000). Perhaps most notably, the corporate political action literature narrows its focus to how enterprises seek to influence policy to the exclusion of how they choose to incorporate – or not – policy into their business model (Pfeffer and Salancik, 1978; Hillman and Hitt, 1999, Getz 2002). This study takes a more inclusive approach to political strategy by exploring the wide scope of engagement between enterprise and policy that makes them design interventions for locations that are remote and rural with socio-economic backwardness. This includes which contexts they choose to work in, how reliant upon policy they choose to be, the extent of interaction that they prefer to have with government, as well as the efforts they put in to influence policy. This study advances political strategy theory emerging from studies so far, which have focused on what strategies businesses have taken to create a favorable policy environment, without considering how they take advantage of that extant policy environment (Pfeffer and Salancik, 1978; Hillman and Hitt, 1999).

The traditional approach to political strategy taken by past literature is partly a product of the context in which it is studied (see Dahan, 2005 for why it was not studied in France initially). In the North American context, it has focused on industries that were subject to taxes and regulation, for which engagement is mandatory, such as in the steel industry (Schuler, 1996; Bonardi et al., 2005). In a context where the engagement with policy is not mandatory, it makes more sense to view the option of engagement as an aspect of political strategy. Engagement with public policy is a part of political strategy, as such actions forge relationships between the company and the relevant ministry and claiming political legitimacy (Kernaghan, 1993; Suchman, 1995). Incorporating such actions also allows for a

more accurate interpretation of how companies function in a space with mixed government involvement, high policy uncertainty and a greater dependence on policy support.

2. Research Question

Social enterprises are common in the energy access space because of their interest in creating social value, especially at the bottom of the pyramid (Santos, 2012). Research on SEs have identified a need for supportive policies to ensure that SEs can thrive in this difficult market (Sarkar, 2018). Regulation of the off-grid space and the threat of utility scale grid extension are large policy risks for NRE social enterprises and a better integration of policy with business is an obvious necessity for improved outcomes (Balachandra, 2011; Bhattacharyya, 2013; Bhattacharyya and Palit 2016; Gabriel and Kirkwood 2016; Malhotra et al. 2017).

This enquiry is about what NRE social enterprises do in practice to access government support. Past research on social entrepreneurship in the Indian context focuses on social innovation, healthcare and sanitation, gender empowerment, and challenges in access to markets, but does not address interactions with government (Bhatt and Altinay, 2013; Mukherji, 2014; Tandon, 2014; Basargekar and Rawat, 2015; Roy and Karna, 2015; Haugh and Talwar, 2016; Ramani et al. 2017). In a detailed review by Sengupta et al. on social entrepreneurship in emerging economies, dealing with government regulations and policies emerge as one of the challenges that have been mentioned in past research (2018). In an environment of policy related ambiguities, there is a need to understand what it means for NRE social enterprises to access government support, and how they interact with the environment. Therefore, the authors sought to answer the following research questions:

RQ: How do Indian NRE SEs seek to access government support and policy?

RQ a: What strategies do these SEs use to engage with government?

RQ b: What strategies do these SEs use to access and leverage policy?

3. Research Method

3.1 Data Collection & Analysis

The contribution of this empirical study is in exploring and conceptually enriching an area that is a nascent area of enquiry and had been inadequately researched. The authors adopted an inductive theory building approach with a multi case study research strategy to develop conceptual categories (strategies and tactics in this study) and propositions that would become relevant for future research and practice (Glaser and Strauss, 1967; Eisenhardt, 1989; Strauss and Corbin, 1998; Yin, 2003). This research has a ‘how’ research question, which is explanatory in nature. To figure out the answer, the question is split into two ‘what’ questions, which are exploratory in nature. With no aim to test causal or correlational relationships, qualitative research technique was used to develop conceptual categories through reflexive thinking (often referred to as ‘abstraction’) (Yin, 2009; Gioia et al., 2012). The generalization is not probabilistic, but naturalistic through adoption of an interpretive portrayal of reality (Lincoln and Guba, 1985; Stake, 1995; Andrade, 2009). The findings are grounded in the reality of the informants, which was captured through semi-structured interviews and participant observation. Here, ‘reality’ is the subjective social constructions of these informants (Berger and Luckmann, 1991; Eriksson and Kovalainen, 2015; Gioia et al., 2012; Andrews, 2012).

[Table 1 Here]

Fourteen social enterprises were identified, based primarily on how they characterize their own activities and whether established social enterprise-supporting organizations (such as Ashoka, School of Social Entrepreneurs India, or Echoing Green) recognize them, as India does not have a legal definition of a social enterprise. Semi-structured interviews were recorded and notes were taken with permission. Memos were written from participant

observations. In most cases, the CEO or founder of the enterprise was the interview subject, and most interviews lasted between 30-60 minutes. The data collection stopped when the researchers realized that theoretical saturation had been achieved as no new category (strategies and tactics) was emerging (Glaser and Strauss, 1967; Strauss and Corbin, 1998; Dey, 1999; Andrade, 2009). Questions focused on the challenges that enterprises faced, whether they engaged in government programmes, how they engaged, and what their relationship was to national, state and local government. Table 1 describes the enterprises included.

Data analysis was an inductive sense making process that coded textual data to extract informant-centric themes (first-order abstraction), to tease out the thematic similarities (also known as forming ‘sub-categories’ from second-order abstraction) which are the ‘dimensions’ that come together through a third level of abstraction to propose the ‘constructs’, also referred to as ‘core categories’ (Glaser and Strauss, 1967; Strauss and Corbin, 1994; Charmaz, 2006; Eisenhardt and Graebner, 2007). The coding was done with the aid of qualitative data analysis software *Nvivo*.

This inductive-theory building represents the reality of the interaction between social enterprises and the policy environment, bringing the findings close to the reality of the context (Gummesson, 2006; Gioia et al., 2012; Eriksson and Kovalainen, 2015). Throughout the data analysis process, the first two authors of this paper had several dialogues to make meaning of the data in a way that it is strongly rooted in the context (Keso et al., 2009). They synthesized the conceptual categories through collective reflexivity in constant comparison between case enterprises and between data sets (Eriksson and Kovalainen, 2015).

Given that this is a nascent area of study, propositions are also set forth, offering hypotheses to be tested in future. The propositions are based on the experiences of the enterprises within the sample, and are therefore severely limited in their predictive or

explanatory power without being tested. The findings are not to be considered universal or deterministic, but reveal more about the phenomenon within a context.

3.2 Analytical Framework

Though analysis approaches from grounded theory methodology were borrowed for this study, without imposing analytical frameworks onto the data, some analytical frameworks are beneficial in helping to parse our findings in the discussion and lend support to the propositions. Resource dependence theory (RDT) views firms as open systems that adopt means to reduce uncertainties and contingencies caused by other social and institutional systems present in the environment (Pfeffer and Salancik, 1978; Hillman et al., 2009). The means used by SEs are the political strategies and tactics emerging from this study. They show an interesting connection between risk, dependency and engagement. As enterprises rely more heavily on the benefits of policy, and as policy has a greater propensity to change, the enterprise has a greater incentive in engaging with government through lobbying and relationship building (Birnbaum, 1985; Meznar and Nigh, 1995). Whether our findings can be explained by resource dependence theory will be explored in the discussion.

4. Findings

4.1 Strategy and Tactics

4.1.1 Dimensions and Constructs

This section will explore the concepts that were uncovered within the interviews. Figure 1 outlines how the actions that enterprises take towards government and policy can be categorized into six dimensions, which fall under the construct of ‘engagement’ or ‘disengagement’. Situating this research within the political strategy literature, it is appropriate to call these constructs as ‘strategies’, and the dimensions as ‘tactics’. Section 4.1 will give an overview of these strategies. Then sections 4.2 and 4.3 will further explore the tactics underneath the umbrellas of ‘engagement’ and ‘disengagement’ respectively, offering

up propositions for the relationship between enterprise characteristics and strategy for future research to test.

[Figure 1 Here]

4.1.2 Engagement vs Disengagement

The two key constructs – or strategies – that emerged from the interviews were that of engagement and disengagement. Although there may be elements of these strategies employed by any one enterprise, actions either aimed to seek a benefit from working with government and policy, or they aimed to avoid wasted resource and risk by disengaging. Most of the literature on public relations or political strategy focuses heavily on the types of engagement, with disengagement viewed essentially as a default position (Weidenbaum, 1980; Hillman and Hitt, 1999; Getz, 2002; Mathur and Singh, 2011). However, disengagement is an active decision in these enterprises, as is clear from one social enterprise:

“...the senior management, the three founders and us, we had a long discussion about [subsidies] a long time ago. Whether we want it or not. [...] We thought that subsidy will not make a make or break kind of a difference here, because of the fact that we want to bring economics into it. The more we bring basic economics and market forces into it, it's a up and running model, we don't have to worry about it. Also because subsidy, at times we've seen that it destroys the market more than, you know, enables it to function better.” (ENT11, SHS)

In this way, disengagement is just as active a strategy as engagement. In a sector such as NRE, which has a great deal of policy attention, enterprises may also make the decision to avoid incorporating government resources into their business model, as is explored in greater detail below.

The following dimensions in Table 2 and Table 3 all fall under the category of engagement. They represent tactics taken in an overall strategy of engagement with policy and government actors. The four engagement dimensions include leveraging policy, building relationships, lobbying and following government cues.

[Table 2 Here]

4.2. Engagement Dimensions

4.2.1. Leveraging Policy

The first and most common form of engagement was leveraging policy, namely, actions taken by enterprises to use policy for their benefit. Actions taken to leverage policy fall under three categories: directly accessing support, positioning the organization in order to indirectly benefit from policy, and taking action to limit the risk of engaging with policy. Those actions that aim to directly access government support include getting accredited, applying and bidding. Enterprises must get accredited through the government in order to be applicable for subsidy scheme and government tenders for electrification projects. Government tenders often incorporate a government subsidy from schemes such as DDUGJY, in which the government selects and invites third parties to bid to provide solar off grid systems at a reduced cost to end users. Sometimes SEs spend money to get accredited or to get political support, at lower levels of government. But SEs also work to position themselves to indirectly benefit from policy by working with Corporate Social Responsibility (CSR) projects of external partners.

Enterprises also sought new markets in response to policy change. In 2017 the JNNSM programme that supported solar home systems (SHS) with subsidies and loans was cancelled (Patil, M., 2017; Thomas and Urpelainen, 2018; MNRE, 2017). At that time, ENT10 turned away from off grid areas to also areas with relatively more grid connectivity. As they explained:

“I would say, strategy has to factor in the changing reality of time. The changing reality of time is that every village is going to be grid connected, so you switch over to commercial hubs who are in need of reliable and good quality power, 24 by 7. And this is our focus now.” (ENT10, micro/minigrid)

While this phenomenon relates primarily to off grid renewable companies, all types of enterprises worked with external partners. This happens for a variety of reasons. None of the enterprises work at all levels of the supply chain, and so some degree of partnership is required to get products to the market. However, partnerships also take place to help other companies/enterprises access government support:

“But in the case of our activities, we need permission from the forest department. Our work of collecting forest waste, from which we eventually make biofuel, can take a long time, as long as six months. So we are doing it in an area where another NGO, with whom we are associated, already has permission.” (ENT07, biofuel)

SEs also tend to work with larger companies that may have access to government programmes whose eligibility requirements preclude SMEs. Most commonly, partnerships also allowed SEs to take advantage of India’s robust CSR Policy, which compels businesses with a “Net worth of INR 500 crore or more; or Turnover of INR 1000 crore or more; or Net Profit of INR 5 crore or more during any financial year” to spend 2% of their net profit on CSR (Government of Bihar, 2014). In the case of SEs that work with NRE, most of their work falls under this category, which explains the large number of SEs in the sample that work on CSR projects. This is an interesting inversion of the use of CSR in the literature on political strategy. In that case CSR is considered from the perspective of the large organization that aims to benefit politically from paying for these projects (Mellahi et al., 2016), but SEs instead use partnerships with larger companies to reap the social and economic benefits from India’s CSR policy.

Finally, enterprises that leverage policy also take actions to limit the danger inherent in engaging with policy through spending money to secure results and hedging risk through misrepresenting themselves. Enterprises see the changeability of policy as a potential risk factor in engaging with the government, such as the uncertainty in the application process (“There are certain reasons, but the procedure is so winding, that we do not avail of that subsidy”, ENT11) and shifts in policy regime (“And also these policies change so often that you cannot build on this, right?”, ENT01). Resource Dependence Theory suggests that enterprises engage in corporate political action in order to mitigate the risks related to dependence on government (Getz, 2002). Considering the risk of policy uncertainty, and the range of leveraging actions open to enterprises, we offer the following proposition:

Proposition 1: Smaller NRE SEs are more likely to work with external partners and through CSR projects than apply for subsidy or bid for tenders because these direct avenues of engagement are riskier and require more resources.

4.2.2. Building & Leveraging Relationships

A key tactic for engaging with government and policymaking is building and maintaining relationships with local, state and national level government officials. Enterprises offer services and incentives to maintain good relations with bureaucrats. These ranged from fixing computers to acting as guides for bureaucrats who needed to travel to remote, sometimes dangerous, locations.

Enterprises then leverage those relationships through working with local politicians, government partnerships or engaging government as a member of the supply chain. In the first instance, working with local politicians focused on village-level governing bodies in the Gram Panchayats, particularly seeking their approval and support for projects. Government partnerships at the state level are used to provide support for activities that are not included in

other programmes. For instance, an enterprise that works with biomass and solar minigrids reported partnering with the state government:

“Yes, we are - we have relationship with the Government of Bihar for training, and like the Ministry of New and Renewable Energy they have the Surya Programme, that is for solar technicians.” (ENT10, micro/minigrids)

On the other hand, government can act as a buyer or distributor of the social enterprise’s product. An enterprise working with solar home systems expressed a desire for a government collaboration for getting greater rural access for their product, saying to government: “Give us your distribution channel, give us your public welfare distribution thing, and we’ll work on it.”

These leveraging actions have been termed as ‘relational approaches’ in other public strategy literature. Research has suggested that firms that are more dependent on government are more likely to have these relational approaches to government officials that take place over a longer period of time, rather than a one-time transactional type relationship (Hillman and Hitt, 1999; Getz, 2002). To what extent enterprises in this field are dependent on government is up for discussion, but it is clear that multiple potential revenue streams (subsidy, tender, CSR) rely explicitly on national policy, often executed through state nodal agencies. In that regard, relationship building may be seen as a necessary step in order to access those policies, leading to our second proposition:

Proposition 2: NRE SEs that leverage policies also engage in relationship building actions, because that may be a prerequisite to participation.

[Table 3 Here]

4.2.3. Lobbying

Lobbying plays a central role in the literature on corporate political action and public relations, although what lobbying entails is poorly defined. Literature on the subject

alternately defines lobbying as financial transactions and lobbying as providing information (Hillman and Hitt, 1999; Mathur and Singh, 2011). However, the common understanding is that lobbying is an action with the aim of impacting political outcomes (eg. Schuler, 1996; Polk and Schmutzler, 2005). For our purposes, lobbying is when enterprises speak to government officials or politicians with the aim of shaping policy outcomes. This is as opposed to other relationship building activities, which do not aim to change policy. Under lobbying, we have defined two key actions: offering information and giving feedback.

SEs offer information to government officials. This information can be about market segments, product design, or policy outcomes, but it is primarily provided with the aim of improving the experience of the enterprise within the policy environment. For instance, one enterprise that works across a range of customer segments, spends human capital on explaining the value of each customer segment to officials:

“So that point, we are trying to raise with the government agencies to make sure - and the government officials - to tell them there are five segments, you cannot ignore any of them.” (ENT08, SHS/microgrid)

While the aim is certainly to promote understanding of rural contexts, this information sharing is not without self-interest, as the company itself provides a technological solution for all five segments.

Perhaps the most popular form of lobbying in the data is giving feedback. This takes place in formal and informal circumstances, as well as individually or within a collective. Formal circumstances include stakeholder conferences organized by government, whereas informal circumstances are primarily individual meetings between enterprises and officials on an ad hoc basis. Most interestingly, there are several calls to collective action within the NRE SE community:

“We all need to come together and raise voice united so that a message can go across to the government on matters related to these social enterprises that are struggling hard to create some genuine and consequential impact.” (ENT01, SHS, solar lamps)

As well as:

“Is that how we form a coalition between all these social enterprises now? There are more than a hundred thousand like them. There is no excel sheet which has all this data. Now if you get the data together from the voluntary sector and their work on social entrepreneurship, it a humongous piece of work. If this is done together, the policy makers may well create SEZ [social enterprise zone] once more, and may entertain the social entrepreneur.” (ENT03, biogas)

Indeed, there is a trade organization for those NRE SEs that work in off grid energy access, the Clean Energy Access Network (CLEAN). It is clear that these enterprises believe that collective action will be stronger than individual voices in changing the actions of policy decision makers. Other researchers have identified collective political action as a cornerstone of policy advocacy (Hillman and Hitt, 1999; Cook, 1996). From the resource dependence perspective, it has been hypothesized that a moderate degree of dependency on policy outcomes leads to collective representation, whereas those with the highest dependency will seek individual representation (Pfeffer and Salancik, 1978). Determining the degree of dependency was not the objective of our research. However, it is notable that several enterprises provide both collective and individual feedback.

A natural question is, how effective is this lobbying? Large studies on efficacy suggests that even for SMEs, lobbying relates positively to value added (Cook and Fox, 2000; Mathur and Singh, 2011). However, medium-sized firms have reported greater success than small firms (Cook and Fox, 2000). In either case, size seems to be a contributing factor to the ability of a firm to impact policy outputs (Cook and Barry, 1993). Regardless of size,

providing feedback appears to be a less resource intense activity than maintaining relationships or leveraging policy, although of course, these are no mutually exclusive activities. Therefore, we propose:

Proposition 3: NRE SEs that do not regularly engage with government or policy, may participate in lobbying because it requires fewer resources and may have an outsized outcome.

4.2.4. Monitoring

The final tactic for engagement is the most passive, yet valuable, of the four approaches. Monitoring government activity involves watching for, and anticipating, government action. This tactic is an active monitoring of the policy landscape, as described by Weidenbaum as “positive anticipation” or by Getz as “proactive” (Weidenbaum, 1980; Getz, 2002).

Anticipating activities involves imagining what government might do, given the knowledge that the enterprise has of the government’s position and behavior. Anticipation can be based on a kind of political calculus, such as the belief that the government would be concerned if minigrids continue to sell power at a much higher price than the grid:

“Now that's what I think would be the irksome piece for [the government], because it would - they are supposed, meant to give power to these guys at 1/10th of what we are providing, so it's 45 euro cents per watt, the government power costs, 1/10th that much. So the locals - the communities would like to have that power but the problem is it's not available, or it's random or it's not of good quality and all that kind of stuff.”

(ENT14, microgrid/minigrid)

But it can also be based on technical reasoning, such as the enterprises that anticipate integration between minigrids and the national grid in the future:

“We see ourselves working with the grid actually. There'll be an integration of off grid with the main grid, because that's the future. Because all the mini grids or micro grids ultimately will produce excess energy[...] So that excess energy, or that extra energy, has to be given back to the grid.” (ENT11, SHS)

They believe this because the government had been vocal about supporting minigrid activities (see the National Solar Mission subsidy, Draft National Minigrid/Microgrid Policy, as well as various state level policies), and at the time of the interviews, the Government had already announced that all villages would be electrified by the end of 2018 (D’Cunha, 2018). Therefore, minigrid enterprises envisioned a future of integration between these systems.

Enterprises understand that the national grid is still top priority for the government. Monitoring the government’s position is a key activity in a sector with great policy uncertainty. Enterprises are both aware of government policy and of government’s vision, as laid out by public officials. For example, one enterprise that was considering applying for subsidies in the future are making a concerted effort to watch for when that might be possible:

“We didn't [previously apply] because, you know, the policies operated for a specific period. So when these sites are being put up, that policy was, I would say, the time was gone. So for the next set of sites, we're looking for government directive, on government circular, the government circular is out with, you put, the application online, and you see the government will never honor your post- post processing applications.” (ENT10, micro/minigrids)

Some enterprises also make the conscious decision to wait to see what the government will decide or do. This was not described as a passive activity, but an active choice. In the case of one enterprise, they determined that other work was more important than pursuing the benefits of recent policy change:

“We have to see the details of [the policy], we are still eyeing for it, not that we are completely ignoring it, but again that's not top two priorities or top three priorities.”

(ENT11, SHS)

The prioritization suggests this is an active decision rather than a disinterest in engaging with policy. Other enterprises also expressed an attitude of “waiting” to see what the government would do rather than commit resources to acting on unclear information.

Enterprises are well aware of the risks of policy uncertainty in the sector. One enterprise working with solar minigrids expressed concern that if the company or the sector were to grow bigger, they might become subject to regulation:

“And then as we get bigger, maybe also 100 villages, somebody will look up and they will either try to emulate our model or they will try to regulate our model. And yeah, surely they will, because right now the tariff is something that we never shared with the communities.”

Given the risks that policy change have in the NRE SE sector, we propose the following:

Proposition 4: NRE SEs that do not regularly engage with government or policy will still participate in following government actions, because these require few resources and there is risk associated with not being aware of policy change.

[Table 4 Here]

4.3. Disengagement Dimensions

4.3.1. Avoiding Government Presence

Avoiding the presence of government may seem impossible or even nefarious in a European or American context, but in a developing country context SEs are regularly working in areas with little government oversight. This is particularly the case for SEs in the NRE sector, which are often aiming to improve energy access in areas so remote that the

national grid does not reach. This is the first tactic in a strategy of disengagement, as seen in Table 4.

One response to the policy risk is to avoid it altogether. Perhaps the most telling quote from the interviews is this one by a minigrid enterprise, whose CEO said, “I think the biggest support [the government] could give me is to just stay out of my way at this point” (ENT14, microgrid/minigrid). Some enterprises considered themselves to not be good at working with government, which was sometimes a gentle way of saying that they were not comfortable engaging in the occasionally illegal risk hedging activities, such as bribery. Enterprises also stepped in to do work where the government was not able or willing. For instance, one microgrid enterprise that worked in off grid areas believe that “[the government] wanted market-based solutions, they don't believe in the last mile, so we started creating the micro grids at that time.” (ENT08)

The relationship between NRE enterprises and the national grid is complicated, but many SEs find that they intentionally or unintentionally avoid areas with grid electricity in order to reach those most in need. Maybe enterprises simply work where there is no grid because they anticipate social need, similar to ‘stepping in’ where there is no government, such as this minigrid enterprise:

“And therefore the government was not able to penetrate those areas. So we started work there in about 25 villages, and then expanded to 30 villages” (ENT14, micro/minigrid)

However, some enterprises are more active in avoiding the grid, may be because of their bottom line. Enterprises that sell off grid products feel that the grid will lower willingness to pay and/or demand for their products:

“In that area [with grid], there is no strong demand for the product, per say, because it has any good energy already. So we tend to not get into - we tend to ignore it. We can

come to that village afterwards, but right now, instead of wasting - putting our efforts there, we can put our efforts to the areas which actually has a requirement and a need for it” (ENT11, SHS)

The impact is that NRE SEs often go deeper into remote areas both to ensure demand, but also to support the social causes that they work for.

The avoidance of government here has a lot in common with Oliver’s strategy of avoidance in response to institutional pressures (Oliver, 1991). We could envision the avoidance of the grid as a buffer between the enterprise and the oversight that is more likely should minigrids, for instance, need regulation as they interact with the grid in the future. Oliver suggests that “avoidance strategies are predicted to be most common when there is only moderate consistency between organizational goals and institutional pressures,” which appears to be the case with energy access enterprises, where the goal of energy access is shared by government and SEs, but the means vary (Oliver, 1991). Therefore, we propose:

Proposition 5: NRE SEs are more likely to avoid government presence by working in an off grid context, because there are greater risks of increased regulation or competition from government grid in a grid connected context.

4.3.2. Disengagement from Policy

Finally, some of the NRE SEs also disengage from policy as a broader strategy of disengagement, as a means to mitigate risk policy uncertainty. The actions that indicate disengagement are not bidding, not applying and not talking to government officials. This differs from most of the literature on corporate political strategy, which focuses on actions taken, not an absence of action. However, most enterprises in this study specifically recounted whether or not they were engaged with policy, and so we identify a lack of engagement as a choice.

Reasons for not bidding – that is, not participating in government tenders – and reasons for not applying for subsidy, overlap. There is a common concern that the procedures are complicated and bureaucratic, but there are additional challenges in bidding for tenders. They typically have very stringent eligibility criteria that exclude SEs, which are typically smaller and newer than the requirements allow. However, past experience also plays a role, as one enterprise explained:

"...so we thought that we will fill the bid and win the contract but it got rejected, so now we are disappointed that responding to Bihar tender is foolhardy, there's no point in wasting and dropping your money for six months and they keep postponing tenders, and for one year you keep looking and you relax, because there's no point."
(ENT10, micro/minigrids)

This summarizes well the reasons against applying for tenders or subsidies if there is little chance of success – these are costly, resource-intensive activities.

In the case of engagement, we posited that even smaller enterprises would still lobby government. But some enterprises did not talk to government officials or provide feedback, whether individually or collectively:

“No [we don’t give feedback to government]... because bureaucrats keep getting changed, the ministry, everybody starts from scratch, by the time he gets the hang of it, he moves away, somebody else comes in” (ENT13, minigrids)

Essentially, the nature of the Indian bureaucracy lowers the efficacy of lobbying because individual officials change so rapidly, greater resources are required to continually re-inform new actors. It is possible that other enterprises simply do not believe there is much potential for lobbying change, which was a sentiment that several enterprises echoed, even though they did give representation.

In both not applying for tenders or subsidies, and in not talking to government, we see the importance of judiciously utilizing a finite amount of resources and in disengaging from policy. Therefore, we propose:

Proposition 6: Smaller NRE SEs are likely to be consciously disengaged from policy because engagement requires greater amount of resources.

5. Discussion

5.1 Findings in context

Our findings conform to the experience of other studies of energy enterprises. In the off grid solar space in India, Singh found that enterprises were not relying heavily on government interventions (2016). Likewise, other studies of CSR projects or public procurement suggest that small and medium-sized enterprises must be actively targeted and integrated separately into programmes in order to address the SME-specific needs of these energy social enterprises (Bhattacharyya, 2013b; Andre, 2014; Patil, K., 2017)..

5.2 Resource Dependence Theory

Policy uncertainty was a prominent theme within the interviews, which supports the resource dependence perspective that political action is a response to political risk and suggests that resource dependence theory may be a good lens through which to view these constructs. Enterprises cited changing political actors and shifting subsidy regimes as challenges to engaging with government:

“If you remember, earlier they were giving out these solar heater also, subsidy. Suddenly one particular day they decided we're not giving it. So many of the manufacturers had a lot issues. Just the availability of this... It's not trustworthy, it can change.” (ENT09, microgrid/minigrid)

The perception is that there is a high risk of policy change, and that perception informs the political strategy of these enterprises. Certainly, the impact of political risk is very real in

emerging markets (Root, 1968; Kobrin, 1980; Henisz and Zelner, 2003). However, the cancellation of policy interventions is a challenge for renewable energy projects in high-income economies, where it leads to a lack of long-term investment (Barradale, 2010). As discussed in the section on analytical frameworks, RDT suggests that enterprises that rely heavily on government support have greater incentives to engage with government (Birnbaum, 1985; Meznar and Nigh, 1995).

However, reliance on policy – dependency – is optional in the case of policy interventions aiming at support. Specifically, enterprises can choose to disengage. Here, RDT also holds a degree of explanatory power. If policy risk cannot be mitigated, enterprises can choose to limit the dependency that they have on policy. Thus, this theory informs several of the propositions regarding both engagement and disengagement strategy.

5.3 Resource Intensity

Finally, it is also worth noting that these tactics differ in their resource intensity. We propose that resource intensity of certain actions precludes smaller firms from using them, as suggested by several other authors who have identified resources (financial and otherwise) as a key variable affecting political strategy (Cook and Barry, 1995; Cook, 1996; Hillman and Hitt, 1999). ‘Resource intensity’ is defined by the amount of time, money and human capital required to fulfil an action. A general pattern of resource intensity can be seen across tactics. Between the engagement tactics, leveraging policy is the most resource intensive, followed by building relationships, lobbying, and finally monitoring. While this is less pronounced between the disengagement tactics, disengaging from policy has a slightly lower resource intensity.

6. Conclusions and Policy Implications

NRE focused SEs are in a sector saturated with policies aimed at addressing issues of energy access, energy security, environmental degradation and climate change (Balachandra, 2011; Gabriel and Kirkwood, 2016). However, enterprises respond to policy and seek to manipulate the political environment, as is articulated in Institutional Theory and Resource Dependence Theory (Oliver, 1991; Hillman et al., 2009). By using an inductive theory-building approach, we have found that the actions of NRE SEs follow either a strategy of engagement or disengagement, which are broken down into six key tactics, for which we have suggested six propositions. These propositions rely heavily on the literature on political strategy and resource dependence theory.

As the literature on political strategy has traditionally focused on large firms in a developed country context, this research gives potential insight into how these theories hold up in an emerging market. Of perhaps greater consequence, the political action literature has been narrowly focused on lobbying and how enterprises change policy, to the exclusion of how enterprises choose to incorporate policy into their business model and long term strategy. As governments seek to support social enterprises – particularly in the fields of technology and development – it is important to consider enterprise engagement with policy. Political strategy, as we have defined it, provides a framework for analysing the the extent of that engagement.

Following the logic of these literatures, the propositions have implications for how policymakers might seek to support and engage social enterprises. The NRE SEs in the sample found it challenging to participate in government programmes, which are emphatically designed for large, established companies. However, SEs are an integral part of nascent markets, such as in the new and renewable space, and therefore may require additional support as well as more clarity in order to scale up (Lyon and Fernandez, 2012). If the propositions are accurate, NRE SEs may need to be treated as a separate category. As the

Government of India announces it has electrified every rural households, this is likely to be a lower priority for the Ministry of New and Renewable Energy, but it should not be. The latest figures on electrification only account for those that applied for a connection or were able and willing to pay for power (Urpelainen, 2019). Those left unaccounted for are likely to be the poorest members of society, and it is these consumers that social enterprises target. If the Government of India is invested in providing access to all citizens, it would be beneficial to support social enterprises as suggested below.

Propositions 1, 2 and 6 suggest that smaller NRE SEs have a lower appetite for risk and fewer resources to devote to engagement. In order to engage such enterprises, policymakers must lower their resource requirements for engagement, which can be done through simplifying bureaucratic procedures or creating social enterprise-specific eligibility requirements and smaller tendered projects. Policymakers may also focus on helping SEs build relationships, networks and partnerships with government partners and larger commercial enterprises, which enables growth while minimizing risk. Propositions 4 and 5 suggest that NRE SEs are particularly attuned to signals from the government and many are looking for answers about the future of their energy systems. Clarifying energy strategy and giving clear signals about where government support exists may particularly benefit this sector, which is often small, new and working with narrow profit margins. Finally, proposition 3 suggests that NRE SEs place a priority on lobbying, as it is a low resource, high reward tactic. Policymakers may choose to take advantage of this in order to reach out to the NRE SE community. Moving forward, further research can be done to confirm the propositions set out in this research, but it offers a new way to consider political strategy and foster policy engagement in a burgeoning sector that may require government support.

Conflict of Interest

The authors declare that there is no conflict of interest.

Author Contributions

V.P. and S.S. contributed to the research design and data collection. V.P. undertook the analysis with support and guidance from S.S. V.P. wrote the manuscript with contributions from S.S. and with feedback and guidance from A.S. and J.V.

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