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**Katsuo Matsumoto**

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JICA Research Institute  
10-5 Ichigaya Honmura-cho  
Shinjuku-ku  
Tokyo 162-8433 JAPAN  
TEL: +81-3-3269-3374  
FAX: +81-3-3269-2054

# Critical Factors for Success among Social Enterprises in India

Katsuo Matsumoto\*

## Abstract

In addressing the United Nations Sustainable Development Goals (SDGs), it is expected that governments, private sector businesses and civil society organizations will be involved. Social enterprises, in particular, are attracting global attention. While international development agencies have increased their investment in social enterprises, empirical research on their business practices remains limited. For the purpose of determining factors critical to the success of social enterprises in a developing world context, this paper examines the cases of for-profit social enterprises that provide goods and services necessary for poor communities constituting the Base of the Pyramid (BoP) in India. The paper identifies the distinctive business approaches that enable social enterprises to continue their work in what can be described as a challenging and critical geographical context.

**Keywords:** SDGs, social enterprises, India, BoP, business model, distinctive business approach

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\* JICA India Office (Matsumoto.Katsuo@jica.go.jp)

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## **1. Introduction**

Under the United Nations Sustainable Development Goals (SDGs) agenda, governments, businesses and civil society organizations (CSOs) are called upon equally to pursue more sustainable activities and to work together as partners. In order to enhance the impact of sustainable development, a collaborative approach is necessary – one that combines the public funds and technical assistance of government with the execution capabilities, business models and technological innovation of the private sector, and the altruistic motives of CSOs (Scheyvens, Banks, & Hughes, 2016; Nelson, 2013). Responsible enterprises, as a result of their characteristics, have particular strengths to utilize in delivering the SDGs, including innovation, responsiveness, efficiency, and the provision of specific skills and resources (Lucci, 2012; Porter & Kramer, 2011). Responsible enterprises are expected to be development actors, and the business model is not just a tool for profit maximization for owners but is increasingly being considered a consciously engaged agent of development (Blowfield, 2012).

Traditionally, simultaneous market and government failures trap people in disadvantaged environments, where CSOs, including non-governmental organizations (NGOs)/non-profit organizations (NPOs), can play significant roles in serving people. This is often termed the ‘third sector’ (Defourny, 2001) or is referred to in many contexts as the ‘social solidarity economy’ (Laville, 2015; Utting, 2015). Within the social solidarity economy, new types of social impact-driven organizations, such as social enterprises, have emerged, providing basic human needs and life-changing opportunities to disadvantaged people through pioneering market-driven approaches (Navarrete Moreno & Agapitova, 2017). Teasdale (2012) analyzed existing explanations for the emergence of social enterprises, such as: (i) new organizational forms (addressing state and market failure), (ii) the adaptation of existing organizations (resource dependence and moral legitimacy theory), and (iii) explanation of the relationships between state and social enterprises (isomorphism arguments and voluntary

failure). Teasdale summarized the linkages between these academic theories and different types of organizational forms of social enterprise. The World Bank simply defines social enterprises as a “*social-mission-led organization that provides sustainable services at the Base of the Pyramid (BoP)*” (Agapitova & Linn, 2016: 2). Social enterprises take advantage of business methods, while they differ from private firms principally by combining three features: (1) operating with a social purpose, (2) adhering to business principles, and (3) aiming for financial sustainability (Agapitova & Linn, 2016).

For the purpose of clarification, this paper acknowledges, but avoids, a definitional debate about social enterprise (Bull, 2018). Rather than including charitable trading non-profits that could be defined as social enterprise (CTAs; see Bull and Ridley-Duff, 2018) or co-operative and mutual enterprises (CMEs; see Bull and Ridley-Duff, 2018), this study focuses on cases of social enterprises that are characterized as socially responsible businesses (SRBs) (Bull & Ridley-Duff, 2018) that engage with the low-income population in India. SRBs incorporate approaches to market exchange-based trading activities that proactively pursue social goals, constituted in company law. They take advantage of existing market institutions to bring about a public and community benefit (Bull & Ridley-Duff, 2018; Bull, 2018). Some researchers emphasize that social enterprises play an important role in providing key services to those at the BoP (Mensing, 2017; Agapitova & Linn, 2016). The BoP denotes low-income families, communities and countries (annual per income capita income of less than USD1,500), where access to essential needs like food, energy, water, sanitation, healthcare, transportation, education and housing is unaffordable or in short supply (Goyal, Sergi, & Kapoor, 2014; Prahalad & Hart, 2002). Previous research highlights the significant role of the value of social enterprise for the BoP and its importance in achieving the SDGs (Rahdari, Sepasi, & Moradi, 2016; Moreno & Agapitova, 2017; Mensing, 2017).

Multilateral and bilateral donor agencies are more and more attracted to providing investment to social enterprises, despite the obvious risks. This is because social enterprises

have demonstrated innovative and new approaches or techniques, beating a range of difficulties to reach markets in an inclusive way and to have seemingly overcome market failure when compared to other initiatives (Rogerson, Whitley, Darko, & Rabinowitz., 2014). Several primary justifications, such as market failure, impact-driven approach, inclusive and sustainable growth, trial and first-mover, are cited in the donor literature on the use of public funds to support market-oriented interventions in developing countries (Social Impact Investment Task Force, 2014). These justifications are based on the following views held by Rogerson et al. (2014): to intervene where the market alone cannot optimally allocate goods and services in terms of wider specific access barriers faced by the poor, to buy socially and environmentally desirable products effectively, and to encourage innovative technical and business solutions by reducing first-mover costs and scaling up successful experiments. It is implied that one of the key factors regarding social enterprises is their innovative technical and business solutions to social and environmental challenges, while evidence-based studies in this field are still limited (Kolk & van den Buuse, 2012), except for some eminent cases, such as Grameen Bank (Seelos, 2008), BRAC (Chowdhury, Mahmood & Abed, 2003), Aravind Eye Care System (McKinsey & Company, 2011) and M-PESA (Vaughan, Fengler, & Joseph, 2013). Most social enterprises are small, which may be a barrier in gaining recognition for the work they do. For example, in the case of India, it is reported that there are more than 1,500 active, for-profit social enterprises and that most of them are small scale (Allen, Bhatt, Ganesh, & Kumar Kulkarni, 2012; Dutt et al., 2014). Whilst some demonstrate their social impact, others struggle to communicate their achievements, and there appears a shortage of academic research that highlights these cases.

Therefore, it is valuable to focus on research that develops an understanding of the unique path that sustainable and successful social enterprises offer, especially to low-income BoP communities. Finding business approaches that are effective in such challenging environments could contribute to achieving the SDGs. If patterns in effective business

approaches emerge then by shedding light on their attributes, there may be practical guidance for social enterprises and development aid agencies in adopting similar practices. In that sense, this paper contributes to knowledge by drawing attention to practitioners who are tackling social problems and seeking effective development approaches. Thus, this research provides answers to the following questions: What are the critical success factors of social enterprises in improving the lives of people at BoP? Are there commonalities associated in the nature of the business approaches taken by social enterprises?

The distinctive approaches of microfinance institutions, for instance, have been observed across regional and national borders. Some of them are extracted from the case of the Grameen Bank: visiting transactions in target communities; female-centric group lending, opening additional operational windows, such as deposit transactions and scholarship loans for borrowers, etc. (Rogaly, 1996; Dowla, 2006). In the case of Aravind Eye Care System, increasing operational efficiency by hours-per-surgery services, adopting cross-subsidy payment mechanisms, organizing outreach programs – such as eye camps – are their core sustainable activities (McKinsey & Company, 2011). These business practices have been adopted by other social enterprises such as Drishti ([drishticare.org](http://drishticare.org)) in India. Previous research and reports (Goyal et al., 2014; Shukla & Bairiganjan, 2011; Anderson & Billou, 2007; Anderson & Markides, 2007; London, 2007) have indicated that businesses for people at the BoP need to overcome typical challenges, such as affordability, accessibility, availability, and awareness through the development of innovative interventions that include a flexible payment mechanism; improvements to the distribution system and means of purchase; easy access to product and service information; buying and selling products and services in a way that suits the needs of customers; and partnership with related organizations such as local governments and NPOs.

From the viewpoint of BoP, India provides one of the world's largest breeding grounds for these social impact-driven organizations. It is reported that 114 million households or 76

percent of the total rural population spend less than 3,453 Indian rupees (INR) (USD55) on goods and services per month and these households are categorized as BoP (Shukla & Bairiganjan, 2011). India has the largest number of poor people living in any country (World Bank, 2016). India's development needs are vast. According to the statistics of international organizations, such as World Bank ([data.worldbank.org](http://data.worldbank.org)) and the United Nations Development Programme ([hdr.undp.org/en/content/human-development-index-hdi](http://hdr.undp.org/en/content/human-development-index-hdi)), India ranked 131st out of 188 countries and territories on the Human Development Index in 2015. This data indicates that in India, around 21.9 % of the total population in 2010 live under the national poverty line, almost half of whom are illiterate. These statistics also indicate that the under-five mortality rate is high at 47.7 per 1000 births and the under-five child malnutrition rate is 38.7%. Access to basic human needs such as water and electricity is still a problematic situation, especially in rural areas where more than eighty percent of people that are considered BoP live. Thus, India's vast BoP population faces enormous challenges in terms of livelihoods and access to basic needs, which presents one of the largest opportunities for social impact-driven organizations globally.

In fact, multilateral organizations such as International Finance Corporation (IFC) and impact investment funds such as Acumen Fund ([acumen.org/india](http://acumen.org/india)) put emphasis on India in terms of volume and number of investments for enterprises serving customers at the BoP. The number of social entrepreneurs appointed by the Ashoka Foundation (<https://www.ashoka.org>), which is a pioneer agency in finding and supporting social entrepreneurs (Kostetska & Berezyak, 2014), indicates that India is the main challenging field for 'changemakers' (Allen et al., 2012). Thus, India is one of the world's most advanced impact-investing markets in terms of number and size of investment (Asian Development Bank, 2012).

Statistically, the landscape of social enterprise in India is still vague despite multiple sources of information regarding social enterprises in India, including reports of international finance organizations and research institutes (Asian Development Bank, 2012; Allen, 2012),



annual reports of impact investors, and data issued by the Indian Impact Investors Council (IIIC) (*iiic.in*) which represents the thought process and investing philosophy of social impact investors in India. IIIC data shows that microfinance, healthcare, agri-business, and clean energy are the leading sectors in terms of attracting investments from multilateral financial agencies, private equity funds, and social investment funds, including homegrown social investors (Dutt et al., 2014).

## **2. Literature Overview**

### **2.1 Concept of social enterprise and socially responsible business**

To date, many competing definitions of social enterprise exist and no unifying conceptual framework has yet emerged or been universally accepted (Choi & Majumdar, 2014). Some broad consensus has emerged on the nature of social enterprise: social enterprises are organizations or ventures that combine a social purpose with the pursuit of financial success in the private marketplace (Young & Lecy, 2014). In general, however, very few conceptual constructions have been ‘tested’ against wide empirical evidence (Defourny & Nyssens, 2017). Some researchers view social entrepreneurship/enterprise as not-for-profit organizations in the search for new funding strategies through market activities (Boschee & McClurg, 2003; Lasprogata & Cotten, 2003). Others refer to social entrepreneurship/enterprise as the creation of businesses to serve the poor (Seelos & Mair, 2005), while another group states that social entrepreneurship utilizes social innovations to solve social problems and to bring about social change, irrespective of whether commercial activities are involved or not (Martin & Osberg, 2007).

From a review of the scholarly literature, social enterprises are prime examples of hybrid organizational forms (Pache & Santos, 2013) in that, by crossing the boundaries of the private and public, profit and non-profit, and economic and social sectors, they bridge

institutional fields (Tracey, Phillips, & Jarvis, 2011). They usually prioritize social outcomes over financial ones in their total decision-making (Zahra, Newey, & Li, 2014). Florin and Schmidt (2011) found that social entrepreneurs create hybrid organizations using business model innovations to enact social and environmental goals. The term or concept of social enterprises has been applied to some for-profit business ventures with social missions (Katz & Page, 2010). Dawans & Alter (2009: ii) emphasize the driving force of social enterprises in achieving social and economic impacts, defining it as a “*socially-oriented venture created to solve a social problem or market failure through entrepreneurial private sector approaches that increase organizational effectiveness and sustainability while ultimately creating social benefit or change.*”

Among typical classification systems of social enterprises, the criterion of market reliance provides a potential cornerstone to categorize the types (Defourny & Nyssens, 2017). This classification is often presented as a single spectrum between two extremes corresponding to a purely philanthropic pole and a purely commercial one. Most social enterprises combine commercial and philanthropic elements in a productive balance, such as the mixture of motives between self-interest and goodwill, mission-driven as well as market-driven methods, and blended value as the main goals (Dees, 1996, 1998). Bull & Ridley-Duff (2018) summarized the analysis of enterprise orientation of past literature by using the single dimensional continuum in which responsible business (Laasch & Conway, 2015), social business (Defourny & Nyssens, 2017) and SRBs (Ridley-Duff & Bull, 2016) are similarly placed close to the commercial pole with the strongest degree of market reliance. Within this spectrum, based on the analysis of ethical outcomes produced by rationality and legal foundation of organizations, Bull & Duff (2018) discuss three types of social enterprises – charitable trading activities (CTAs), co-operatives and mutual enterprises (CMEs), and SRBs from philanthropic to commercial orientation. Social business models may cover mission-driven business in general, while the definition of social business by Yunus has strict conditions that require a non-loss,

non-dividend, market-based company designed to address a social objective (Yunus, 2010). This concept has been developed to describe a business model that focuses on the provision of goods and services to poor customers at the BoP in developing countries (Defourny & Nyssens, 2017).

The report of Social Impact Investment Taskforce (2014) also used the spectrum concept and considered the types of impact-driven organizations, in which profit-with-purpose business is categorized in the group of impact-driven business. The report indicated that impact-driven businesses are organizations with no limits on profit distribution and no kind of asset locks. Profit-with-purpose businesses are organizations that have instead emphasized their social mission, such as poverty alleviation, through their governance and/or embedded it in their business model. It is noted that social enterprises are categorized under social sector organizations with asset locks in the report of the Social Impact Investment Taskforce (2014). From a different angle, 'Inclusive Business' is defined as a profitable core business activity that tangibly expands opportunities for the poor and disadvantaged as producers, employees, or consumers (Chandy, Hosono, Kharas, & Linn, 2013) and 'BoP business' is loosely described as interventions that provide the poor with goods and services to which they otherwise do not have access, such as education, health, finance, and energy (Kato & Hosono, 2013). These concepts widely overlap with the category of social business models. In recent years, a number of jurisdictions have enacted a variety of legal forms intended to foster the creation of social enterprises as a business unit and the activities of social entrepreneurs seeking equity investors, especially in Europe and the U.S. (Social Impact Investment Taskforce, 2014). The examples are: the low-profit limited liability company (L3C), the benefit corporation (B-Corp.) and the flexible purpose corporation (FPC) in various in U.S. The relevant laws neither require an asset lock nor impose caps on the rate of return on investment (Cooney, 2012).

India has limited options in terms of legal structure to form social enterprises. Organizations are required to be registered as non-profit/public charitable organizations or

for-profit enterprises including co-operatives. As described above, international finance organizations such as IFC and impact investors mainly focus on the social and economic impacts achieved by for-profit social enterprises, and they have continuously provided investment and financing. In this context, within the definitions and types of social enterprises, SRBs and/or profit-with-purpose businesses, there are similar concepts in terms of legal foundations, profits and asset use, and faithfulness to their social mission. They are organizations that take advantage of the commercial approaches of private companies to achieve social goals.

The purpose of this paper is to derive the factors critical to the success of SRB-type social enterprises by focusing on their effective business models. Therefore, the concepts underpinning these organizations must meet the research purpose. In the existing literature, SRBs are defined and categorized in detail; thus, this paper uses the concept of SRBs as social enterprises. SRBs are generally for-profit companies that seek to leverage business while pursuing development goals, creating positive changes and making valuable contributions to the stakeholders such as the local community, customers, and staff (Lewis, 2000; Bull & Ridley-Duff, 2018). Activities are self-directed by those seeking to bring about a public or community benefit, thus constituting a more pragmatic form of communitarianism driven by ‘changemakers’ (Bull & Ridley-Duff, 2018). One factor of SRBs is a focus on innovation, which is emphasized especially in the US literature, where value propositions of social entrepreneurs are taken as the drivers of social change (Ridley-Duff & Bull, 2016).

## **2.2 Main challenges of social enterprises in the BoP market**

The market orientation aspects of social enterprises are often associated with the idea of heightened efficiency and effectiveness through commercial activities (Nicholls, 2009), and financial sustainability and self-sufficiency (Boschee & McClurg, 2003; Harding, 2004; Haugh, 2005). Thus, this market orientation means that the use of commercial activities can be directly

linked to the social mission to ensure the distribution of social services and products. In the development context, the employment of market-oriented approaches has been applied to the low-income segment in which social enterprises tackle the challenges pertaining to affordability, accessibility, availability, awareness, and acceptance (Esposito, Kapoor, & Goyal, 2012). Anderson & Markides (2007) have highlighted the importance of strategic innovation and affordability, acceptability, availability, and awareness as key dimensions for serving the BoP profitably. The customers at the BoP pose challenges in terms of low-income levels, irregular cash flows and savings patterns, limited mobility patterns, low literacy levels, and lack of access to the formal market set-up (Goyal et al., 2014). The infrastructure-related challenges include the lack of reliable electricity, water, roads, telecommunication, and transportation networks across rural and semi-urban areas. To overcome these challenges and opportunities, enterprises are adopting inclusive growth and innovation via disruptive business models, modifying organizational capabilities, and creating or sourcing new capabilities (Zahra et al., 2014). In other words, social enterprises need to build social impact capabilities that are a bundle of knowledge, skills, and routines necessary for achieving measurable social impact in a target client.

Goyal et al. (2014) also suggested that the constraints of the BoP market require social enterprises to shift their focus away from transaction-oriented business models to engagement-oriented business models. This indicates the need to create and implement socially embedded business models driven by a long-term socio-economic focus rather than short-term economic gains. Social enterprises can maintain their pro-social innovations by embedding their social missions into their business activities. Social enterprises create socially embedded business models by devising their methods of producing, marketing, and distributing products designed to produce the desired social value (Katz & Page, 2010).

There are several performance criteria, such as depth of impact, blended value, efficiency and adaptability, that appear to motivate many social enterprises in their pursuits

(Dawans & Alter, 2009). Dawans and Alter (2009: 1) defined high-performance social organizations as *“efficient, adaptive, strategically-minded organizations capable of simultaneously creating economic wealth and social value and addressing root causes of social problems in order to achieve deep and lasting social impact.”* This definition simply summarizes both the nature and the outcome required of social enterprises engaged in the BoP market. In order to set the performance criteria, well-structured business models need to be built to overcome various challenges that social enterprises face.

### **2.3 Business models for BoP**

In recent years, business models have received growing attention in management literature but the number of articles on the application of the business model to developing countries has been very limited (Kolk & van den Buuse, 2012), excluding a few studies that focus on business-NGO collaborations in this context (Chesbrough, Ahern, Finn, & Guerraz, 2006; Dahan, Doh, Oetzel, & Yaziji, 2010) or on opportunities for MNEs in emerging markets (Kolk & Van Tulder, 2010).

Business models plainly indicate how the firm defines its competitive strategy, how it differentiates itself from other firms by its value proposition, and how the firm integrates its own value chain with those of other firms in a value network (Rasmussen, 2007). Firms might develop core competencies, capabilities, and positional advantages that enable them to progress far ahead of competitors (Shafer, Smith, & Linder, 2005). Richardson (2008), based on a wide range of literature, proposes a consolidated view of the components of a business model as the value proposition, value creation and delivery system, and value capture system. For smooth business execution, it is necessary to complete various tasks according to customers' demands, and each business approach must be tactical in responding to these challenges. Therefore, this paper focuses on the aspect of practical business approaches in a tactical sense within a series of business activities conducted by social enterprises.

In the BoP context, a number of characteristics of business practices are noteworthy (Weidner, Rosa, & Viswanathan 2010). Social enterprises identify critical tasks to be tackled, including providing access to remote areas with developed pricing mechanisms that make products and services affordable to subsistence consumers. They also identify the needs of the entire value chain and remove inefficiencies and difficulties faced by disadvantaged individuals (Weidner et al., 2010). Such organizations demonstrate the vision to identify and address the critical needs that face subsistence consumers (Weidner et al., 2010). In the context of creating a sustainable supply chain model for the BoP, Bendul, Rosca & Povovarova (2016) suggest that firms aiming to develop markets at the BoP need to develop local capabilities, to adopt localization approaches to supply chains, to cooperate with local partners, and to incorporate the BoP consumers into their value chains. Sinkovics, Sinkovics & Yamin (2014) argue that, in order to have a positive social impact in the BoP context, business models need to connect local communities' economic development needs in a broad way in terms of freedom of choice, sustenance, and self-esteem, regardless of the intentionality of social value creation.

Scaling up is viewed as a critical challenge by which a successful business model is imitated and replicated. This becomes the process of reaching scale, which is essential for the success of the BoP business (Kato & Hosono, 2013). Agapitova & Linn (2016) emphasize that the learning experience in the scaling up process feeds back through innovation into adaptation, which helps to further strengthen a sustainable scaling up process. IFC's (2016) in-depth business case studies of companies identified common strategies that companies employ when doing business with people living at the BoP. These strategies are (1) to plan for scale, (2) to focus on low-cost delivery, (3) to invest in capacity building, (4) to educate customers, and (5) to forge smart partnerships. The report emphasizes that these strategies cut across sectors, such as agriculture, education, financial services, and healthcare and geographies. Yunus, Moingeon & Lehmann-Ortega (2010) highlight the adjustments needed in switching from a traditional to a social business model framework: the specification of targeted stakeholders, definition of

desired social profits through a comprehensive eco-system view, and the economic profit equation targets. Kubzansky (2013) claims getting the business model right is the single biggest factor in making private-led approaches work effectively by reaching a meaningful scale. SRBs are private firms developing business methods for social purposes, and they need to build well-designed business models to tackle various challenges for BoP markets.

Some BoP researchers (London & Hart, 2004; Webb, Kistruck, Ireland, & Ketchen, 2010) have emphasized the need for partnerships as a way of overcoming resource scarcity and the lack of appropriate capabilities in the context of doing business with BoP communities. In their view, alliance performance is dependent on how partner organizations can lower uncertainty surrounding partners' intentions and abilities among them, as well how they can control partners' behavior, thus limiting the probability of undesired outcomes. This highlights the need to find ways to build and maintain trust among partners, in order to achieve collective goals within their goodwill and competence. Beyond contributing to particular value chain activities, NGOs, and private enterprises – including social enterprises – can offer missing capabilities to complement each other's business models, or even co-create new and innovative business models. For example, poor customers typically have issues of low education, limited literacy skills, and limited available income and, in response, partnerships may adopt new products or services only after their benefits have been demonstrated credibly and validated by some in their groups, including NGOs and village-level employees (Weidner et al., 2010). In these joint efforts, NGOs and private enterprises contribute complementary capabilities to both intangible assets, such as reputation and brand, and tangible resources such as production capabilities and market access along each stage of the value chain, which results in influencing many aspects of the business model (Dahan et al., 2010). Rahman, Amran, Ahmad, & Taghizadeh (2015) indicate that the support provided by large-scale enterprises, in terms of technical and training, helped to increase entrepreneurial competencies among the BoP entrepreneurs. These entrepreneurial competencies then contribute to the proliferation of



the BoP entrepreneurship business success. It is suggested by Chandy et al. (2013) that the promotion of a partnership, which combines the development efforts of a government, donor, foundation, and NGOs with the business execution of private enterprises, can draw on the financial strengths of the non-profit and its accountability to citizens and on the management and delivery strength of the private sector. This also suggests that collaboration of stakeholders has effectiveness in the context of achieving SDGs.

However, a theoretical explanation that explores the nature of business models in this context and the underlying factors that explain the type of innovation required has not yet been developed (Sanchez & Ricart, 2010). As a result, there is a lack of academic consensus on the elements involved in determining what makes a business model successful and the underlying factors influencing the degree of business model innovations for the BoP market.

#### **2.4 Business models of social enterprises in India**

Goyal et al. (2014) researched four social enterprises by case study methodology to understand self-sustainable business models in three sectors such as clean energy, healthcare, and water for the BoP population. They found multiple distinguishing features of the business models and presented eight propositions that indicate key business factors for social enterprises to make a positive socio-economic impact. The impact is created by (1) conducting social marketing campaigns for creating awareness and skill-building programs for the BoP segment; (2) focusing on brick-n-mortar set-ups, thereby extending the last-mile connectivity and reach; (3) engaging BoP individuals across the value chain for value creation and delivery; (4) collaborating with academic, technology, and development institutions; (5) collaborating with government institutions; (6) collaborating with the NGOs, philanthropic organizations, social enterprises, and informal market entities; (7) focusing on community-level embeddedness and engagement; and (8) focusing on field-based experimentations and grassroots innovations (Goyal et al., 2014).

IFC's study (2015) on inclusive business in the healthcare sector in India analyzed the ecosystem in which social impact-driven businesses operate including regulatory issues, value chains, support services, as well as enterprise-level issues. In the report, several business model initiatives in business-to-consumer (B2C) healthcare services are identified. These are (1) improving value propositions by offering additional diversified services; (2) leveraging the local community as health educators/outreach workers to optimize on costs; (3) increasing productivity/efficiency of resources using capacity building and para-skilling; (4) building hub and spoke models to expand coverage while increasing efficiency; (5) asset light strategies to reduce capital costs; and (6) a no-frills strategy to reduce operating costs. It is emphasized in the report that, while the innovative models have shown great potential, only a few enterprises have gone to scale and thereby maximized impact. Esposito, Kapoor, and Goyal (2012) conducted empirical research on four social enterprises in the healthcare sector, in which they brought forth the recommendations and findings of key operating principles at the BoP in rural and semi-urban healthcare. The key operating principles recommended in the article are (1) target segment, trust building with the BoP; (2) local capacity building; (3) continuous experimentation; (4) network building; (5) alignment with the government and regulatory framework; and (6) technology as a key aspect. The paper presents insights into the emerging business models and key operating principles in the context of BoP.

Sanchez & Ricart (2010) found two types of business models, 'isolated business models' and 'interactive business models', based on the case study of social enterprises engaging with the BoP in India. They suggest that in the context of isolated business models, the company aims to increase the efficiency of their production factors to reduce their costs and fix the price below the consumer's willingness to pay. Interactive business models aim to generate innovations that increase the willingness to pay at the BoP by enhancing the value created for and the capacity to pay of the customers. The former model aims to strengthen the different virtuous circles of its own business model through innovative processes, while the latter model is mainly focused on

learning, innovation, and competitive advantage that come from the right combination and proper governance of the firm's resources and capabilities. Prahalad and Mashelkar (2010) suggest that the effectiveness of social enterprises derives from the practice of three types of 'Gandhian innovation', such as (1) disrupting business models; (2) modifying organizational capabilities; and (3) creating or sourcing new capabilities. They emphasize that enterprises anywhere in the world can follow suit by striving for inclusive growth, establishing a clear vision, exercising entrepreneurial creativity within constraints, and focusing on people, not just profits or shareholder wealth (Prahalad & Mashelkar, 2010).

### **3. Analytical Framework**

Through case studies, this paper attempts to identify the distinctive business approaches of social enterprises and discuss their characteristics and possible success factors of the business in each sector. The integral nature of the identified approaches among the sectors is also discussed to highlight critical success factors of social enterprises. Miles & Huberman (1994) propose that a multi-organization case study design allows for an in-depth analysis across different contexts and enables researchers to better understand how and why outcomes occur. A lack of prior theory about a topic makes the inductive case study approach an appropriate choice of methodology for developing theory (Eisenhardt, 1989). According to Yin (1994, 2009), case studies are especially suitable when it is intended to understand contemporary complex social phenomena and the tentative explanations found in a within-case analysis can be tested across other cases, enhancing reliability and validity of the conclusions drawn. The methodology fits with the purpose of this research because the emerging characteristics of business approaches in low-income markets are explored. *"The BoP context is a complex phenomenon in terms of the customer profile, non-traditional stakeholders, competitive dynamics, and infrastructure availability, and the understanding of the strategic actions for social embeddedness at the BoP requires an*

*interpretive paradigm to collect, understand, and analyze the field-based inputs from the diverse stakeholders of the selected social enterprises” (Goyal et al., 2014: 30).*

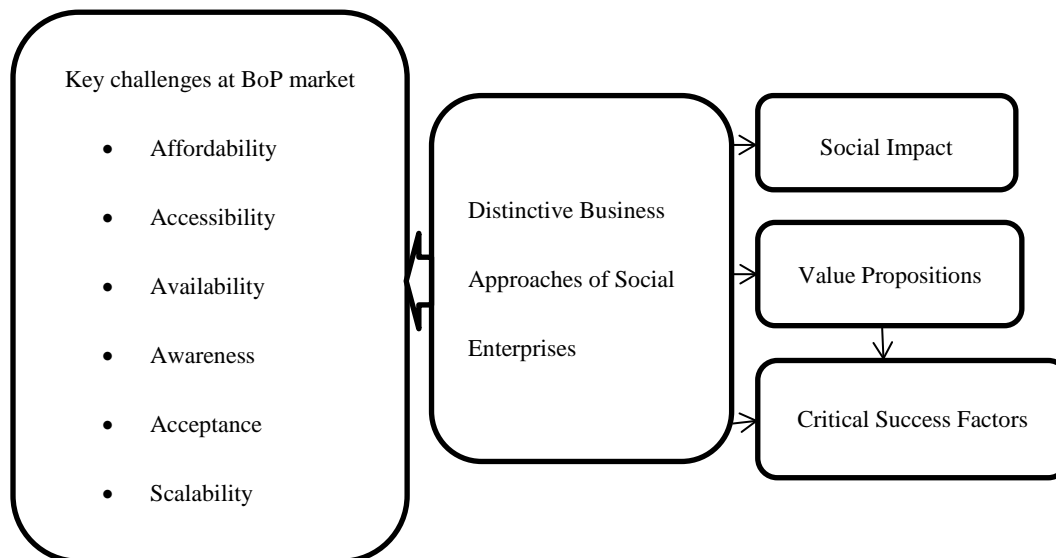
This paper, therefore, adopts a qualitative multi-case-based research methodology, by which the distinctive business approaches of social enterprises are identified. In order to elicit and categorize the business approaches, the critical issues that social enterprises address are specified below. From previous research results as referred above (IFC, 2016; Goyal et al., 2014; Kato & Hosono, 2013; Weidner et al., 2010), the nature of business approaches can be characterized in a practical means to tackle and address these challenges.

- Affordability/Viability – challenges of purchasing power or support to buy products or services
- Accessibility/Reach – challenges related to enhancing the reach
- Availability/immediacy – challenges of convenience in purchasing products and services
- Awareness/Motivation – challenges related to the market need for motivating potential customer groups to adopt/purchase/use products or services
- Acceptance/Being Convinced – challenges of final consent to purchase/use products or services through trust building
- Scalability/Volume – challenges of managing delivery to large numbers of beneficiaries

By adopting effective approaches, social enterprises can realize social impacts, which become the value propositions of enterprises. This paper also attempts to extract critical success factors that enable such business practices of social enterprises through case studies. Figure 1 illustrates the analytical framework, in which the thick arrow indicates the direction of approaches, and the thin arrows indicate the direction of the outcomes.

In order to emphasize the distinctiveness of business approaches and their commonalities, this study selects a relatively large number of cases in multi-sectors and attempts to highlight the concrete business practices.

Figure 1. Concept of Analytical Framework



#### 4. Methodology

##### 4.1 Cases selection

In India, there is no specific law under which social enterprises must register. Hence, the choice of whether enterprises want to be labeled as ‘social’ rests with the entrepreneur. It has been observed that social entrepreneurs, who are exposed to the ‘impact/social enterprise’ lexicon either due to prior introduction through their educational or professional background or through networks and forums, generally identify with the term and explicitly show an impact thesis in their business. The working definition of ‘impact enterprises’ indicated by the IIIC is also considered for case selection. This definition matches the features of SRBs. In order to explore the business aspect of social enterprises, the sampling approach for this research mainly focuses on social enterprises targeting the BoP market in five critical sectors, including agriculture, clean energy, healthcare, education and vocational training, and water and sanitation. Microfinance

institutions (MFIs) are not included because the business approaches are already widely established and well-known to researchers and practitioners.

The data collection for this research involved gathering inputs from diverse primary and secondary sources. In the first screening process of case companies, more than one hundred social enterprises were selected from various sources, including investment profiles published by impact investment institutions, published academic and company reports and studies, and cases presented in international seminars such as Sankalp Forum in India. The secondary sources of data included the company website and information available in published documents and media reports. The number of candidates was then narrowed down due to available information such as major outcomes of the business and specificity of business approaches. This was followed by primary data collection from multiple stakeholders including the senior management, staff, operations team, and business partners, such as private equity funds and social investment funds. Telephone interviews and group discussions were conducted with candidate organizations and related institutions from July 2016 to February 2017. The main topics covered in the interviews and discussions were business models, key innovations, key value propositions, engagement with the BoP population, and social impact.

The social enterprises were then scrutinized to identify possible distinctive business approaches, such as flexible payment mechanisms, distribution systems and means of purchase, access to product and service information, the buying and selling of products and services as need-based, and partnership with related organizations, which are typical practices for a business in the BoP segment. This multi-level and multi-source data collection approach is appropriate for ensuring the internal validity and construct validity (Yin, 2009). The operation records of social enterprises, such as business expansion and operating years, were also considered for filtering. In order to have a balance among sectors, four social enterprises in each sector were finally chosen as cases. These include 'hybrid' enterprises that operate two types of organizations, non-profit and for-profit. For these organizations, the for-profit activities are

dominant, while for-profit and non-profit are closely related for a synergistic effect. They use an income surplus from the for-profit business to support non-profit activities. The value proposition and key business approaches of the selected 20 social enterprises are summarized in Table 1. Information and data shown in Table 1 are as of 2016.

(Table 1.)

#### **4.2 Analysis**

The analytical stage for this research involved undertaking the within-case analysis, cross-case analysis, and comparison with the existing literature in parallel to the recurrent mode of data collection. In analyzing the types of distinctive business approaches, the various features of the case companies were examined by focusing on possible prototype operational approaches as described in the cases-selection part and conceptually similar ones were grouped together to develop categories. The findings were continually updated and refined during the iterative inputs emerging from continuing field studies and ongoing comparison of the findings with the extant literature (Lewis, & Thornhill, 2015). Through the process of analysis and consolidation, it was recognized that the target customers at the BoP have different characteristics of their positions as beneficiaries and the social enterprises need to take corresponding approaches to their requirements. For instance, farmers as customers are usually producers and sellers in farming activities, and service users in the clean energy sector are consumers who have insufficient knowledge of eco-products. Thus, focusing on corresponding approaches to the customers, such as productivity improvement and knowledge and skill development, is also an important factor for better social outcomes. In addition, it is emphasized that modern technologies can allow data and information to be corrected, analyzed, and delivered in real time, at less cost, with better reliability, and in larger volumes so, therefore, technology development plays a critical role in

tackling difficulties in the business for the BoP segment. Thus, it is valuable to take technology into account as one of the crucial distinctive approaches of social enterprises.

As a result, six broad types of distinctive business approaches that are adopted by social enterprises to address challenges in the BoP market can be described as below:

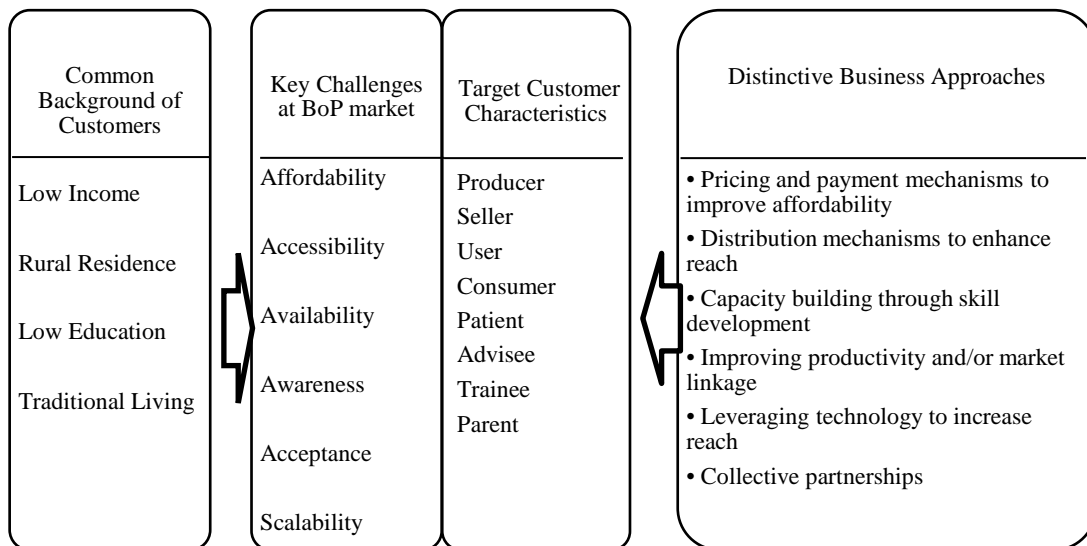
- Pricing and payment mechanisms to improve affordability: innovation aimed at either making the solutions more affordable and/or support customers to purchase solutions by devising easy payment channels or methods
- Distribution mechanisms to enhance reach: enterprises adopting alternative distributions channels and mechanisms to reach more consumers, more efficiently and effectively
- Capacity building through skill development: enterprises engaging in imparting skills to BoP populations and building their capacities to improve their economic earnings
- Improving productivity and/or market linkage: innovations that aim to improve the productivity of BoP populations and grassroots enterprises or enhance economic earnings by providing end-to-end support for a particular sectoral value chain
- Leveraging technology to increase reach: enterprises that focus on leveraging technology to progressively increase the number of low-income customers they serve
- Collective partnerships: co-working with various stakeholders, such as local governments and NGOs, to contribute complementary capabilities for deeper impact

As illustrated in Figure 2, these approaches mostly correspond to the key challenges faced by social enterprises denoted in the analytical framework. These key challenges of the BoP population have common underlying causes, such as low income, rural residence, low education, and traditional living. Customers at BoP markets targeted by social enterprises have various characteristics, and business approaches need to take them into due consideration to address the key challenges. Figure 2 illustrates these relations by using thick arrows.



Parallel to categorizing the broad innovation types, the selected social enterprises in each sector are mapped against the six types of innovative approaches to identify key business approaches applicable to each. Every social enterprise adopts each type in some degree, while a particularly critical approach among them is emphasized as a key approach. It is found that the social enterprises in the case studies strategically adopt corresponding approaches to tackle target segment characteristics, operational barriers, capacity of operation, and sustainability of the business.

Figure 2. Categorization of Distinctive Business Approaches



## 5. Results

Table 2 indicates the mapping of the 20 selected social enterprises against their business approaches. The key distinctive approaches adopted by each social enterprise are highlighted in the table. Beyond their key approaches, those that seem to demonstrate the most characteristic aspects of the business as a sort of ‘core competence’ are indicated as the dominant approach. It is noted that the difference between the dominant and key approach is qualitative and not strictly

defined. The results demonstrate the following aspects regarding the business approaches of case companies.

Firstly, leveraging technology is often the core element of business execution. For many social enterprises – especially those that provide basic goods such as water and sanitation facilities –there is a high level of dependence on product development, without which they would be unable to conduct operations. Development of applications is also indispensable for providing remote services using mobile phones that can, for example, be used by remote clinics to provide medical diagnoses. Thus, technology plays a critical role as a device that enables simultaneous inexpensive, convenient, and remote tasks.

Secondly, capacity building is often carried out as the core or key approach. Human resource development is a major task in education and vocational training, while training of contact staff and health workers in the community is necessary to make the ‘hub & spoke’ model work effectively in a remote place or operation. This can be cited as a ‘push marketing’ approach that enhances customer awareness about the practicality and necessity of goods and services. It is also intended to create income opportunities for local people (e.g., female teachers) and microentrepreneurs through strengthening their business capacity.

Thirdly, the ingenuity of the pricing and payment mechanism and distribution system is an indispensable matter for the business, and it is what most social enterprises are developing and enhancing, irrespective of the sector. In other words, the elements that are embedded in business as *raison d’etre* – pay-per-use for inexpensive water and electricity and as a cross-subsidy system in healthcare services – are typically applied by social enterprises. Efforts to improve market access by facilitating logistics and enhancing connections to the micro-grid system comprise a response to customer demands.

Fourthly, improvement of productivity is an approach that is mainly applied when business targets are producers, such as cultivators, and when social enterprises employ certain

socially disadvantaged people (e.g., rag-pickers) at their workplaces. It has elements to empower customers through commercial activities.

Finally, the number of social enterprises involved in collective partnerships is limited. This is mainly because the partnership plays a reinforcement role to make other approaches work effectively, and such partnerships sometimes result in additional transaction costs that are burdensome for small-scale social enterprises.

The results imply that the distinctive approaches identified are commonly applicable to social enterprises, while they are utilized differently in each case depending on the characteristics of the target sectors and segments. Based on these results, the commonality and diversity of the distinctive business approaches in each sector are shown in Table 2, and the success factors of social enterprises are discussed below.

## **5.1 Sector-wise business approaches**

### **5.1.1 Agriculture**

Social enterprises in the agricultural sector are involved in establishing a system for enhancing cultivation and sales of agricultural products and by-products, through which poor farmers can increase their incomes. The process is accompanied by decreased use of input resources, such as chemical fertilizers and water. The key challenges include the lack of information about production methods, lack of distribution and storage infrastructure, dominance of traditional farming, diversified service needs due to farming and seasonal conditions, as well as lack of marketing and merchandising skills. In addressing these, social enterprises have tackled key barriers by transferring expertise and technologies, enhancing market access, helping product value addition, etc. The target customers are mostly peasants who have characteristics of producers and sellers, and social enterprises have endeavored to match these needs in their business approaches.

Agri-business enterprises can be broadly classified into farming and non-farming enterprises. The farming segment comprises pre-harvest and post-harvest businesses. The non-farming segment consists of dairy services and other non-farm income generation businesses. Pre-harvest social enterprise businesses aim to raise farm yields and productivity with fewer resource inputs. The majority of these enterprises target rural markets and work closely with farmers to provide them with a range of agricultural services, including training and information on weather, soil improvement, better usage of inputs, and sustainable water and land usage. Ekgaon, for instance, provides advisory services that are delivered via a multi-application system to farmers.

Pre-harvest social enterprises also supply high-quality seeds, fertilizers and other inputs, and irrigation and farm equipment. Some of these enterprises provide access to modernized technology to increase crop yields while others provide technology platforms to train farmers. Pre-harvest social enterprises such as AgSri engage in promoting organic agriculture for this purpose. These enterprises also work for ecosystem-building by organizing multi-stakeholder platforms to facilitate the establishment of community-owned enterprises.

Post-harvest enterprises aim to negate supply chain inefficiencies. These social enterprises engage in procurement, storage, transportation, processing, packaging, and marketing activities with the objective of creating value addition for raw farm products and providing farmers with direct market linkages. Ekgaon provides an online platform for linking farmers directly with customers. Dairy enterprises, such as Milk Mantra, work closely with farmers to source milk through transparent payment mechanisms and to improve their productivity through extension services. The enterprise focuses on improving milk collection systems, enhancing product shelf lives and supply chain management by adopting innovations in collection, processing, packaging, marketing, distribution, and data analytics. Milk Mantra has developed packaging technology that raises the shelf life of milk by three days. Certain enterprises focus on enhancing non-farm incomes of farming households beyond dairy activities.

Under the Mango Trees (UTMT) places bee-boxes on farms which facilitates pollination and increases farm productivity. UTMT promotes bee-keeping as an attractive supplementary income generation avenue among smallholder farmers.

To sum up, the results of the case studies indicate that business approaches focusing on farmers' capacity building through knowledge and skill transfer and improvements of productivity are critical for the pre-harvest stage. Building a collection and distribution system for the products that enhances smooth connections to the market and value-added product development are effective in the post-harvest stage. This is corresponding to the demands of farmers who work as producers and sellers. It is also recognized that the approach of leveraging technology, such as utilization of Information Communication Technology (ICT) for providing weather conditions to farmers and product packaging, is adopted to enable customer-oriented services, reach the scale, and save the cost. The critical success factors of businesses identified in the case studies are: working closely with farmers throughout the farming cycle to understand needs; tailoring product offerings and generating trust; developing and leveraging partnerships with ecosystem players, including local NGOs, MFIs, opinion leaders, governments, and banks; leveraging mobile and internet technologies to enhance reach; improving farmers' price realization; and engaging the farmers in creating market awareness and market building.

### **5.1.2 Clean Energy**

Social enterprises in the clean energy sector aim to supply electricity to un-electrified village households in an inexpensive way, and is easy for consumers to access and purchase. Use of clean energy contributes to reducing the health damage caused by kerosene. The main challenges in the business include lack of knowledge of clean energy, lack of access to financial services for purchasing products, pricing and payment mechanisms for low-income customers, competitive pricing of cheap lamps, and training of village-level managers and entrepreneurs. Social enterprises have broken key barriers by developing low-cost clean energy equipment,

such as easy-to-use solar lanterns, providing awareness programs about clean energy, adopting a flexible use-based payment system, providing after-sales and maintenance services as required, etc. In this sector, the business segment is focused on rural residences without an electricity network and the consumers have the characteristics of equipment buyers and service users.

The off-grid clean energy sector in India can be broadly classified into products and services enterprises. A majority of these social enterprises provide affordable lighting solutions while others provide solutions for clean cooking and irrigation. Product enterprises are categorized into solar photovoltaic (PV) products for lighting and irrigation, and biomass-based clean cookstoves. Services enterprises offer micro- or mini-grids based on solar PV, biomass, and small hydro technologies. In the solar PV segment, social enterprises such as ONergy offer solar lanterns and solar home systems (SHS) to rural households and small local entrepreneurs. While some of these social enterprises sell their products directly to rural customers, many of them instead leverage the rural networks of NGOs, village-level entrepreneurs (VLEs), and MFIs to distribute their products efficiently. Simpa Network, for example, imparts training to local community members in system installation, management, and sale of new products. Simpa Network, ONergy Solar, and Gram Power offer customer-friendly payment mechanisms, such as ‘recharge for a fee’, to make clean energy products affordable. Clean energy enterprises also deliver clean cooking solutions to rural households, primarily through rental models. For social enterprises providing solar lighting and cooking products, such as ONergy Solar, after-sales service and maintenance have increasingly become core components of their business models. Mini and micro-grids use technologies, such as biomass-gasifiers, small hydro, solar PV, and wind to supply energy to underserved communities. Gram Power provides basic lighting services to rural households in off-grid areas through solar micro-grids. OMC Power uses anchor loads such as mobile towers as their primary customers, while it also supplies power to rural households.

The case studies indicate that business approaches in the clean energy sector are characterized by catering to rural low-income households who need easy access to the services as and flexible payment mechanisms. The former approach is categorized in Table 2 as distribution channels and mechanisms to reach more consumers in more efficient and effective ways. The case studies also show that product development technology, such as durable solar lanterns with product customization, and training and employment of VLEs are key factors to pursue. Several factors critical to the success of the business drawn from the case studies can be noted here: innovative payment and consumer financing mechanisms are built into business models; prompt delivery of after-sales and maintenance services generates trust and credibility; the leveraging of deep rural networks of local NGOs, self-help groups, VLEs, and MFIs to intensify awareness generation, marketing and distribution efforts; innovations to bring down prices of clean energy products; product customization; and finally, the expansion of the product portfolios and services in order to offer rural BoP consumers greater choice.

### **5.1.3 Education and Vocational Training**

In the education and vocational training sector, social enterprises are involved in providing education services targeted toward the children of poor families in semi-urban and rural areas, and in delivering vocational training and placement services to rural youth. The key business challenges are the culture of child labor; running schools at lower cost; lack of basic facilities, such as toilets and teaching materials; difficulty in ensuring capable teachers; and low interest in vocational training compared to school degrees. Thus, social enterprises have set up schools near the target areas, introduced flexible payment mechanisms, adopted a suitable curriculum according to the needs of students and/or trainees, trained and employed local teachers, and built networks with business entities and associations for smooth placement services, etc. The target segment is local parents and youth and the business customers are guardians or trainees.

Social enterprises in education and vocational training sector can be broadly classified into schooling and vocational enterprises. The schooling segment is comprised of enterprises that run affordable private schools (APS) and offer teacher trainings. It also incorporates parallel education business models which include pre-schools, after-schools, and computer education institutes. Social enterprises running APS in rural and urban areas offer innovative, low-cost delivery models to make K-12 education accessible to BoP communities. A majority of these enterprises work closely with the communities that they serve, mostly hiring teachers from the communities. Although not included in the case companies, some enterprises run several single-room schools equipped with multimedia computers in rotational shifts and operate at lower cost than municipal schools. These enterprises often offer teacher training and curriculum enhancement support to municipal schools, and they also have residential programs for students completing higher secondary education. The revenue model for most of the enterprises includes student fees and grants.

Parallel education enterprises include pre-school and after-school enterprises that offer non-certified, direct education to students. Sudiksha Knowledge Solutions offers affordable education and child care facilities to urban low-income families and provides training and employment opportunities for young women as teachers in the community. Butterfly Edufields develops learning programs for students with the aim of solving the problems inherent in the education system by making learning hands-on. It has designed educational toolkits and in-school programs encouraging a 'learning-by-doing' approach. Vocational and skill development enterprises work with the labor force and impart employable skills. EduBridge Learning partners with industry players to strengthen their infrastructure and student enrolment. These enterprises also have corporate partnerships and tie-ups to ensure high quality of trainings and assured placements. Vocational and skill development enterprises mostly generate revenues from government programs and industry partnerships, while they are exploring student financing options for economically weaker students. Pipal Tree Ventures, which offers



vocational training for construction industry employees, partners with equipment companies and has a fee-based model where students pay fees in installments after placement.

The case studies demonstrate that efficient and effective capacity building – including usage of scientific tool kits and a needs-based vocational curriculum – are no doubt important approaches in the education and vocational training sector. Since the majority of the customers are from low-income levels, adopting pricing and payment methods, including payment in installments after job placement, is an effective measure catering to the customers' demands. It is also identified that the accessible location of schools and recruiting local residents as teachers are important steps necessary for social enterprises to make the business workable. The critical success factors of social enterprises found in these case studies are: diversifying services and targeting new markets to evolve as per market requirements; leveraging technology to provide a more practical 'hands-on' learning approach to generate greater impact; a flexible payment system such as payment after job placement; working closely with teachers to provide a customized training and curriculum support; and engaging with all stakeholders, including teachers, community members and students, to receive feedback on impact; and revise and upgrade offerings on a continuous basis.

#### **5.1.4 Healthcare**

Businesses in the healthcare sector aim to provide low-cost but high-quality medical and primary health services to rural, poor households that have limited access to hospitals. Key challenges in the business include establishing a cost recovery system with an inexpensive service fee, employment of capable doctors and medical staff in rural areas, the high expenses required for local health worker training and building a telemedicine system, and the reliance of rural villagers on traditional medical treatments. Social enterprises have engaged in the development of ICT applications for mobile clinics, connecting remote centers and city hospitals, adopting a cross-subsidy system of charges and fees, visiting medical care, and awareness

programs, etc. The main target segment of such businesses is poor rural households, and their customers include patients and advisees.

Social enterprises that focus on providing access to affordable healthcare for underserved populations can be broadly classified into healthcare delivery and healthcare equipment enterprises. Healthcare social enterprises operating in the healthcare delivery segment focus on developing innovative approaches to bridging the gap in healthcare access beyond urban and local areas. iKure Techsoft, for example, provides low-cost access to primary healthcare services and access to city-based hospitals and doctors to the rural and semi-urban population. Telemedicine is an emerging model which uses ICT to reach remote customers and bridge the gap in availability of healthcare professionals. iKure Techsoft and Biosense Technology provide real-time communication and referral of patient cases from remote areas to doctors in city-based hospitals by use of the mobile phone application. Telemedicine links rural patients to doctors in cities through consultation over mobile phones and video. Some enterprises provide primary and emergency medical services via mobile medical units (MMU).

Healthcare social enterprises also have adopted a low-cost hospital chain model characterized by asset-light infrastructure and a no-frills approach to keep costs low. Within this model, LifeSpring Hospitals has set up single-specialty hospitals in small cities in the high-end segments of childbirth with the objective of achieving better resource utilization, greater standardization and economies of scale. Ziqitza Health Care partners with state governments and government agencies to provide 24x7 ambulance services in rural and urban areas. iKure Techsoft has adopted a hub-and-spoke model that integrates multiple formats of delivery, such as hospitals, clinics, MMUs, and rural health workers. These enterprises mobilize rural health workers and MMUs at the village level to administer primary healthcare services and refer patient cases to clinics and telemedicine hubs set up at the district or block levels. These hubs provide secondary healthcare and further refer cases requiring tertiary care to city-based hospitals. Healthcare equipment enterprises are focused on developing low-cost medical devices

to reduce healthcare diagnostics and detection costs for BoP communities. These devices are designed for use by semi-skilled health workers who form the key primary healthcare delivery agents in remote areas. Biosense Technologies has developed a hand-held, battery-operated device to detect anemia at INR5 (USD0.08) per test compared to lab tests that – on average – cost INR500 (USD8).

In this sector, reasonable pricing and flexible payment mechanisms are adopted as major distinctive approaches. Moreover, leveraging technology to develop a remote medical clinic enables rural patients and advisees to access standard-level health services easily. It is also recognized in the case studies that social enterprises effectively work for customers' awareness about health conditions and benefits of modern healthcare delivery through health camps and marketing efforts. The critical success factors of social enterprises identified in this research are: bringing down medical services delivery costs by adopting asset-light and no-frills approaches; adopting approaches which subsidize healthcare costs for BoP consumers by charging higher fees from customers who have greater purchasing power; awareness generation campaigns in partnership with local partners, such as resident health workers to connect with BoP populations to gain their trust and acceptance for healthcare solutions; training and employing local workers; and leveraging technologies, such as mobile, cloud, and video networks to connect rural patients with doctors in cities.

### **5.1.5 Water and Sanitation**

The business in the water and sanitation sector is to build a system to provide low-cost and safe drinking water and sanitation facilities, such as toilets to local communities that have limited access to basic services. The main business challenges are lack of understanding of paid water and toilets, ensuring 24×7 availability of services, development of a remote maintenance system, trade-offs of pricing and quality, the habit of open defecation, and bias against recycled products. Social enterprises have tackled these barriers with the development of facilities and products that

ensure any-time services, introduction of a remote maintenance system, adoption of a flexible use-based payment mechanism, provision of awareness programs for safe water and infectious diseases, development of training programs for the local facilities administrator, etc. The main customers are local low-income households, and these consumers are users of basic services and products.

Social enterprises in the water and sanitation sector can be classified into three areas: supply, hygiene & treatment, and recharge & replenish. A majority of the social enterprises in the water and sanitation sector are supply enterprises offering solutions to improve access to safe drinking water, toilets, and waste collection services. Water enterprises, such as Sarvajal, tend to focus primarily on rural areas where access to safe drinking water is a bigger problem compared to urban areas. In contrast, sanitation enterprises, such as Eram Scientific (Eram) and Shramik Sanitation Systems (3S), focus more on urban slums and urban public places to provide toilet solutions. Sarvajal and Eram have commonality in terms of providing affordable solutions with pay-per-use systems and facility monitoring and maintenance services with the use of ICT tools. Eram engages in collective partnerships, including foreign organizations, for fundraising and awareness activities. In waste collection and recycling, Conserve India uses patented technology to recycle and up-cycle plastic waste into materials for commercial use. It also provides training and job opportunities for ragpickers to increase their incomes. These enterprises leverage technology to offer hygiene and waste treatment solutions. Waste treatment enterprises provide solid and liquid waste management and aim to bridge the gap in public provisioning of landfills and treatment solutions. Hygiene enterprises are fewer in number and mostly not-for-profit as the field involves greater emphasis on the promotion of awareness of safe and hygienic practices. These social enterprises focus on reducing, recycling, or up-cycling waste. They operate either as for-profit or hybrid businesses. Conserve India has a not-for-profit arm which employs ragpickers to collect and recycle waste material and a for-profit arm which focuses on the manufacturing and sale of fashion and lifestyle products derived from the recycled material.

In summary, business approaches of social enterprises in the water and sanitation sector, similar to those of clean energy sector, mainly enable poor households to easily access safe water and/or sanitation facilities, such as toilets, at any time with flexible payment mechanisms. Technology clearly plays a key role in developing innovative facilities, such as Water ATM and E-Toilets, and three of the four case study companies make technology development a distinctive core approach in serving customers. The critical success factors of these social enterprises identified in this research are: leveraging technology such as low-cost purification machines and remote monitoring systems to improve product offerings and reduce costs; ensuring the quality of solutions and timely provision of maintenance services as key differentiators; developing and leveraging partnerships with government bodies, private sector, and universities to spread awareness and drive adoption; differentiating services through brand-building for recycling products; and adopting an affordable pay-per-use model to serve the low-income community.

## **5.2 Integral nature of critical success factors of social enterprises**

This research identifies that there are variations of business approaches of social enterprises among sectors in India, while there are patterns used as valuable interventions in tackling challenging issues across sectors. Social enterprises are distinctive in terms of adopting a customer-first approach rather than a normal business case.

Firstly, as Table 2 indicates, leveraging technology plays an important role as a core innovative approach to serving low-income populations. Internet application development increases its functionality. Ekgaon provides customized advisory services to farmers via a multi-application system that utilizes mobile and web technology. It also enables better responsiveness to beneficiaries' feedback. iKure provides a cloud-based application, facilitating real-time communications and referral of patient cases, and the smartphone-based diagnostics of Biosense make the diagnosis and regular monitoring process convenient and

efficient. Gram Power's smart prepaid meters allow customers flexible daily recharge options and also help in identifying power theft. Well designed and tested products and facilities help disadvantaged people. ONergy manufactures a range of clean energy products, including solar lights, fans, pumps, cookstoves and microgrids. Butterfly Edufields invents educational and laboratory kits which are developed in the form of sachets. Eram's toilet is a pioneer product. It is an electric public toilet that is easily installed, remotely monitored, and maintained in a timely manner. The water ATM of Sarvajal has similar characteristics to Eram's. In the waste management field, Conserve India uses patented recycle technology which up-cycles plastic waste into Horseradish Peroxidase (HRP) sheet. Shiramik manufactures sanitation products from recyclable polyethylene. These technological devices enable for-profit social enterprises to adapt their business to the needs and wants of their target customers.

Secondly, the breakthrough intervention of pricing and payment mechanism are commonly adopted among social enterprises. Simpa sells its lighting products through a 'Pay-as-you-go' model that enables low-income customers to make a small initial payment to have the SHS facility by purchasing periodic recharge or top-up credit, and to own the product after completion of a certain period of the contract. Sarvajal's water ATM, automatic dispensing unit, provides full-day access to quality water at an affordable price for a measured rate. LifeSpring and Ziqitza utilize a tiered pricing structure based on customers' choices, making their services affordable for low-income households. Pipal Tree does not require the students to pay an up-front training fee and the payment is recouped in installments after placement. Milk Mantra attempts to ensure fair and transparent selling prices and payment system to farmers for their milk supply, negating the need for middlemen. These approaches enable for-profit social enterprises to provide affordable pricing and convenient payment systems to low-income customers.

Thirdly, a unique approach of service and product distribution mechanism is – widely adopted by for-profit social enterprises. Milk Mantra sets up bulk milk coolers near collection

points in villages where farmers deliver their milk and, from here, it is taken to the processing point – thus keeping the milk fresh. The childcare centers of Sudiksha are strategically located at a convenient distance from target communities to make it accessible to the maximum number of children. Gram Power enables an un-electrified village to connect to mini-grids and make online monitoring of daily electricity consumption of customers possible. Simpa and OMC power provide training to local community members, and these VLEs and/or franchisees act as the point of contact to reach out to larger customers. Ziqitza runs full-day ambulance services to areas and communities which are located remotely by tie-up with public programs and initiatives. These approaches undoubtedly make it possible for remote customers to access the services and products of the for-profit social enterprises.

Fourthly, several social enterprises create human and organization networks among stakeholders and their partners, which contribute to the expansion and public relations of the businesses. ONergy sets up renewable energy centers in cooperation with local partners to leverage the established networks of partner organizations and their knowledge about local requirements. Butterfly Edufields sells their educational kits directly to government schools with financial flexibility that allows government schools and institutions to try out the kits. EduBridge works with industry players to provide a practical curriculum based on the skill requirements of the industry. The placement of students after the vocational training works smoothly by using the networks of the partnership. The VLEs trained by clean energy social enterprises can effectively function to obtain a high degree of community trust, raise the villagers' awareness, and increase demand for clean energy products and services. Thus, these approaches are useful for securing collective knowledge and experiences to provide demand-driven services and in creating awareness and accreditation among low-income communities.

Fifthly, most social enterprises in the case studies are in the early development phase and their business models are not necessarily proven, while they have extended the scope of

their activities geographically. While matching the characteristics of the area, the number of villages, and areas targeted for service has increased, demonstrating the replicability of the business approach. It is noted that characteristics of business content and approaches of social enterprises vary, and the spread and speed of scale-up depend on the maturity of business, the proper operational place, the abundance of funds, and so on. In the case of OMC Power, electric power supply to a telecom tower is the center of the funding source, which restricts the choice of business sites. Although Sarvajal has covered its operating costs by payment from water users, the installation cost of water supply facilities basically depends on donations and subsidies, and this is responsible for the speed of scale-up. A key to scaling up is a realistic plan supporting the source of funds, a feasibility study of the candidate's operation site, and refining ongoing business approaches at an early stage of a project after establishing a new site.

It is emphasized that every approach described here corresponds to the typical challenging issues in BoP markets, such as accessibility, affordability, availability, awareness, and scalability. Through these interventions, people at the BoP eventually accept the goods and services. The distinctive business approaches raised here are not necessarily fixed ones, but refined tactics that have been adapted until reaching a level of acceptance.

## **6. Conclusion**

Social enterprises attempt to apply business strategies in seeking an effective approach to complex social problems. This study has identified distinctive approaches and breakthrough patterns that have been adopted by social enterprises to overcome difficult circumstances among low-income populations in India. The result can be useful as a reference guide for practitioners seeking good business models for BoP and/or valuable development approaches. In order to highlight the innovative business approaches in providing basic goods and services, SRB type



social enterprises, or ‘impact enterprises’ in the Indian context, were the focal point. One element of SRBs, seen most strongly in the US literature (Ridley-Duff & Bull, 2016), is the focus on innovative approaches, and this fits with the findings from this study. Based on empirical research methods, it is recognized that social enterprises demonstrate a mix of key approaches, such as pricing and payment innovation to improve affordability, distribution innovation to enhance reach, capacity building through skill development, innovation for improving productivity, leveraging technology to increase reach and scale, as well as collective partnerships. These are critical factors for tackling challenging issues of affordability, acceptability, availability, awareness, and scalability. The case studies show how these social enterprises take advantage of their refined approaches in scale-up efforts by replicating them for new target communities. Such persistent efforts can sustain the business model of social enterprises in the context of BoP markets in India.

From the viewpoint of SDGs, looking at the types and scale of beneficiaries of each social enterprise (Table 1), we can observe that they contribute directly to the targets of the SDGs, such as Target 1: No poverty, Target 3: Good health and well-being, Target 4: Quality education, Target 6: Clean water and sanitation Target 7: Affordable and clean energy, and so on. Several investment institutions that were included in the interviews of this study also clearly emphasized the link between the SDG targets and their investment in social enterprises (e.g., Caspian ([www.caspian.in](http://www.caspian.in)), Aavishkaar ([www.aavishkaar.in](http://www.aavishkaar.in)), Acumen Fund).

Success factors derived from this study also re-emphasize key challenging issues that social enterprises take into account seriously in structuring their businesses. These are: development of products and services at an affordable price and high functionality (e.g., solar lanterns, mobile diagnosis, and teaching kits); differentiation and a lower cost approach through service specialization (e.g., childcare hospitals, ambulance services, and recycling of waste material); flexible payment systems (e.g., pay per use, cross-subsidy systems, and deferred payment after services); training and employment of community members (local entrepreneurs,

maintenance staff at site, and franchisees); network building with NGOs, local governments, communities, academic institutions, and customers; no-frills fixed assets (e.g., classrooms, clinics, and offices); and scaling up of target segments and community (e.g., franchise and business model transfer). Social enterprises choose the most useful approach in consideration of the socio-economic circumstances of their target segment, capacity of operations, and their contribution to the sustainability of the business. In the context of India, it is noted that there is a need to take into consideration the enormous population size of the low-income group and their huge demand for the basic needs of living. The vast potential of the market for social enterprises is one of the characteristics of the country. Thus, future research is necessary to determine whether the same critical success factors for social enterprises in India are directly applicable to those in other countries.

There are limitations of this research and further study could help to support the results of this paper. For example, this research focused on the business methods of social enterprises, but did not pursue in detail the organizational governance and financial management necessary for the businesses. The scalability process of social enterprises should also be examined further.

It is also noted that the common factors mentioned above are not a measurement criterion of success. While the sample of organizations in this research indicates certain social impacts, they mainly demonstrate output figures, such as the number of customers, trainees, beneficiaries, and patients. One of the definitions of social impacts could be the degree to which the business interventions can transform the beneficiaries' lives. Thus, the depth of social impact and sustainability of business operations are assessed from different viewpoints. Theoretical developments on the criteria of success will necessitate further study.

Finally, social enterprises have been pioneers in taking risks to prove that there are large market opportunities in addressing various difficult problems. The major concerns of sampling organizations that are quite common for social enterprises in other countries are access to capital and the securing of staff who are capable of achieving their social mission.

Furthermore, most social enterprises that demonstrate successful performance take at least a decade to achieve a reasonable measure of scale for the Indian market (Karamchandani, Kubzansky, & Frandano, 2009). Thus, it is suggested that the government plays a more important role in supporting social enterprises by providing capacity building programs, creating legal forms that protect social enterprises, relaxing regulations on revenue generation, increasing 'pay-for success' contracts, and facilitating fund-raising efforts. Market-making efforts through investments in policy, supporting infrastructure and awareness programs are critical for social enterprises to achieve larger social impacts and sustainable businesses.

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**Table 1. Value Propositions and Key Business Approaches of Selected Social Enterprises**

Agriculture	Ekgaon Technologies (For-Profit)	Milk Mantra (For-Profit)	Under The Mango Tree (Hybrid)	AgSri Agricultural Services (For-Profit)
Established Year	2002	2009	2008	2010
Geographical areas of Operation	Delhi, Rajasthan, Gujarat and Tamil Nadu	Odisha, Chhattisgarh, Jharkhand and West Bengal	Maharashtra, Madhya Pradesh, Bihar, Uttar Pradesh	Andhra Pradesh, Karnataka, Maharashtra, Odisha and Uttar Pradesh
Value Propositions	<ul style="list-style-type: none"> <li>• Improving productivity and farming costs by providing customized farm advice</li> <li>• Providing direct market linkage for farmers to remove middlemen and improve farmer price realizations</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing shelf life and preserving quality of milk and other dairy products by adopting competitive packaging and distribution strategies</li> <li>• Ensuring fair and transparent prices for farmers for their milk supply in a timely manner</li> <li>• Helping farmers to access credit for investing in growing their milk production business</li> </ul>	<ul style="list-style-type: none"> <li>• Training and building capacities of smallholder farmers in adopting and practicing beekeeping as a supplementary source of income generation</li> <li>• Enabling farmers to connect directly with urban markets and secure premium prices for their organic honey and other hive products</li> </ul>	<ul style="list-style-type: none"> <li>• Reducing farming costs for sugarcane farmers by lowering usage of inputs, water and chemical fertilizers</li> <li>• Improving margins of sugarcane farmers by enhancing sugarcane yield and productivity</li> </ul>
Key Business	<ul style="list-style-type: none"> <li>• <b>Mobile communications:</b> 'OneFarm' advisory services are delivered via a multi-application system that utilizes</li> </ul>	<ul style="list-style-type: none"> <li>• <b>New technology:</b> Milk Mantra has developed a packaging technology called TRIPAK, which uses a three-layered film with</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Local product:</b> UTMT focuses only on indigenous bees, Apis cerana indica, which are easily available locally.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Efficient Approach:</b> Under the Sustainable Sugarcane Initiative (SSI) approach, AgSri nurtures sugarcane buds to prepare</li> </ul>

<p>Approaches</p>	<p>mobile, voice recognition, interactive voice response system (IVRS) and web technologies on ‘When I need it’ basis.</p> <ul style="list-style-type: none"> <li>• <b>Scientific input:</b> To provide customized information to each farmer, Ekgaon has devised algorithms for each crop/variety based on different parameters such as climate, land, soil type and crop type. Each farm is mapped and geotagged.</li> <li>• <b>Feedback from farmers:</b> The mechanism promotes interactivity as the farmer confirms the usage of the advice by responding via SMS. This helps Ekgaon to track trends and best practices.</li> <li>• <b>Direct interaction:</b> Online platform for linking farmers directly with customers</li> </ul>	<p>a black layer preventing damage from exposure to light.</p> <ul style="list-style-type: none"> <li>• <b>Collection point:</b> The enterprise sets up bulk milk coolers (BMC) near collection points in villages where farmers deliver their milk. Chilled milk is then taken to the processing plant.</li> <li>• <b>Fair prices:</b> An ethical approach to sourcing milk provides better and timely prices directly to farmers, negating the need for middlemen. The quality of milk is checked for fat by milk testing equipment. Unique below-the-line marketing strategy, including activations at parks and schools across the state and sampling at temples helped amplify Milk Mantra’s reach.</li> </ul>	<p>UTMT recommends placing bee-boxes on farms, which facilitates pollination and increases farm productivity. UTMT’s honey retains the unique flavors of flora, climatic season, and locations of beehives.</p> <ul style="list-style-type: none"> <li>• <b>Branding:</b> The organization produces over fourteen varieties of honey and secures a brand premium for its products by differentiation strategy.</li> <li>• <b>Native bees:</b> UTMT has piloted the distribution of native bee friendly flora to beekeepers. The initiative aims to ensure enough food for bees and further increase agricultural yields.</li> </ul>	<p>seedlings in nurseries. This initiative increases yield and reduces water and fertilizer usage.</p> <ul style="list-style-type: none"> <li>• <b>Scientific approach:</b> SSI introduces scientific farming practices like wider spacing between plants to improve productivity.</li> <li>• <b>Resource saving:</b> AgSri integrates use of efficient irrigation systems such as drip irrigation to save resources and reduce costs.</li> <li>• <b>Collective partnership:</b> The enterprise also closely collaborates with ecosystem stakeholders such as cooperatives, industry, development institutions and government agencies to pilot these interventions.</li> </ul>
	<ul style="list-style-type: none"> <li>• Provided advisory</li> </ul>	<ul style="list-style-type: none"> <li>• Set up 300 collection</li> </ul>	<ul style="list-style-type: none"> <li>• Trained over 1,400</li> </ul>	<ul style="list-style-type: none"> <li>• Helped over 5,000</li> </ul>

Major outcomes	services to 300,000 farmers <ul style="list-style-type: none"> <li>Improved farm productivity by about 15%</li> </ul>	centers and 23 bulk milk coolers <ul style="list-style-type: none"> <li>Served 35,000 farmers</li> </ul>	farmers <ul style="list-style-type: none"> <li>Created 55 master trainers from the local communities</li> </ul>	farmers <ul style="list-style-type: none"> <li>Saved 940,000 cubic meters of water per year</li> </ul>
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Clean Energy	Simpa Networks (For-Profit)	OMC Power (For-Profit)	ONergy Solar (For-Profit)	Gram Power (For-Profit)
Established Year	2011	2012	2009	2010
Geographical areas of Operation	Uttar Pradesh, Bihar and Jharkhand	Uttar Pradesh and Bihar	West Bengal, Odisha and Jharkhand	Rajasthan
Value Propositions	<ul style="list-style-type: none"> <li>Easy and affordable access to electricity through smaller down payments for SHS and flexible payments as per usage over time</li> <li>Promoting rural entrepreneurship by training people drawn from rural communities as village-level entrepreneurs (VLEs) and developing them as Simpa's field managers</li> <li>Product risk is not passed on to the customer but absorbed by the company.</li> </ul>	<ul style="list-style-type: none"> <li>Providing reliable 24x7 power supply to telecom towers, businesses, and households</li> <li>Employment generation for community entrepreneurs who invest in the starter kit and become OMC's local business partners</li> <li>Lower operating costs for telecom companies as well as small enterprises in rural areas due to cost savings on diesel and generator usage</li> </ul>	<ul style="list-style-type: none"> <li>Building a complete energy solution ecosystem</li> <li>Product customization after understanding customer needs and pain points</li> <li>Creation of infrastructure and network for sales support and after-sales servicing</li> <li>Training and marketing support to community members to act as rural entrepreneurs</li> <li>Increasing affordability by reducing costs and providing financing linkages</li> </ul>	<ul style="list-style-type: none"> <li>Access to affordable, on-demand, 24x7 electricity with flexible daily recharge option, instead of monthly payments</li> <li>Higher levels of transparency in billing due to provision for online monitoring by customers. Rural households are able to monitor and control daily consumption of electricity as well as energy consumption by individual appliances.</li> <li>Entrepreneurship opportunity for rural communities</li> </ul>

<p style="text-align: center;">Key Business Approaches</p>	<ul style="list-style-type: none"> <li>• <b>Pay-as-you-go’ (PAYG) or ‘Progressive purchase’ model:</b> Instead of selling products that the rural population cannot afford, Simpa starts by selling services of its products (i.e. lighting) through the PAYG mechanism. Customers make a small initial payment to have SHS installed, then, pay to use the system by purchasing periodic ‘recharge’ or top-up credit available at convenient payment points at village shops or through VLEs. After the completion of an 18, 24 or 36-month contract, the system unlocks permanently, ownership is transferred to the customer, and the system produces free electricity.</li> <li>• <b>Training VLEs:</b> Simpa imparts training to local community members in system</li> </ul>	<ul style="list-style-type: none"> <li>• <b>ABC / Anchor load model:</b> OMC’s business model is based on setting up solar mini-grids to supply nearby telecom towers with reliable power. These telecom towers serve as anchor loads for the company, providing a continuous and dependable source of revenue. Due to the presence of anchor loads, small businesses such as fuel pumps, mills, schools, health clinics, and rural households in surrounding villages also benefit from availability of reliable and clean energy.</li> <li>• <b>Micropower business-in-a-box:</b> OMC also creates employment generation opportunities for local community members. Local entrepreneurs buy the OMC starter kit and become an OMC franchisee to start a micro-power</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Renewable Energy Centres (RECs):</b> Creation of RECs in association with local partners gives the company quick access to rural customers. The model leverages the established networks of partner organizations and also their knowledge about local energy requirements. In addition, as local entrepreneurs are drawn from the local community, they enjoy deeper community trust which enables them to drive rural adoption of clean energy solutions.</li> <li>• <b>Consumer financing:</b> High upfront investments in renewable energy products unaffordable for rural investors; despite recognizing their benefits they end up continuing with kerosene usage which poses serious health risks. ONergy’s</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Smart prepaid meters:</b> Gram Power’s prepaid meters allow for flexible daily recharge options and variable pricing depending upon usage and energy source. The smart meters are also able to identify power theft and turn off supply to the affected area.</li> <li>• <b>Smart service plans:</b> The customers are required to pay INR75 (USD1.2) per month to get a microgrid connection at home. After this, customers are free to buy prepaid recharges for their meters as per usage. The company also offers daily recharges worth INR10 (USD0.15), which provides electricity for up to nine hours.</li> <li>• <b>Local entrepreneurs:</b> Entrepreneurship opportunities are</li> </ul>
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	<p>installation and management, system recharge/ top-up and sale of new systems. The VLEs act as the points of contact for the company to reach out to a larger customer base. These Simpa-certified managers also train and assist the community to use solar home systems more effectively.</p>	<p>business. Community households then register with their nearest franchisee to get the solar equipment installed. The charged lanterns are delivered to homes in the evening and collected early in the morning to be recharged again for the next day.</p> <ul style="list-style-type: none"> <li>• <b>Battery storage:</b> OMC uses a battery system to store electricity generated via solar energy. The battery is able to provide consistent electricity to rural communities.</li> </ul>	<p>partnership with local banks and MFIs provides rural customers with concessional loans for fulfilling their energy requirements. The repayment is flexible and customized as per the customer’s earning cycle.</p> <ul style="list-style-type: none"> <li>• <b>Innovative products:</b> ONergy manufactures a range of clean energy products and offers customized solutions for each of its customers. Its portfolio includes solar lights, fans, pumps, and clean cook-stoves, microgrids, solar-powered TV and solar computers.</li> </ul>	<p>created for local communities by recruiting and training villagers to operate the plant. The local entrepreneur also serves as the point-of-contact for households in the village to buy recharge credit for their prepaid meters.</p> <ul style="list-style-type: none"> <li>• <b>Community engagement:</b> Gram Power engages local members in all stages of project development and finally transfers the ownership of the microgrid to the local community once it is operational.</li> <li>• <b>Recurring impact model:</b> This model deploys funds from donors to provide rural households with SHS.</li> </ul>
Major outcomes	<ul style="list-style-type: none"> <li>• Installed about 15,000 SHS</li> <li>• Established a network of over 350 VLEs</li> </ul>	<ul style="list-style-type: none"> <li>• Supplied power to 32 telecom towers</li> <li>• Reduced diesel consumption cost of users</li> </ul>	<ul style="list-style-type: none"> <li>• Served 250,000 rural customers</li> <li>• Trained 1,500 rural entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>• Served over 200,000 rural customers</li> <li>• Provided smart grids in 30 villages</li> </ul>

Education	Sudiksha Knowledge Solutions (For-Profit)	Pipal Tree Ventures (For-Profit)	Butterfly Edufields (For-Profit)	EduBridge Learning (For-Profit)
Established Year	2010	2007	2007	2009
Geographical areas of Operation	Telangana, Andhra Pradesh, Madhya Pradesh, West Bengal	Andhra Pradesh, Bihar, Gujarat, Jharkhand, Maharashtra, Odisha, Rajasthan, Telangana, Uttar Pradesh, West Bengal	Telangana, Andhra Pradesh, Karnataka and Tamil Nadu	Andhra Pradesh, Assam, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Rajasthan, Sikkim, Telangana, Tripura, Uttar Pradesh
Value Propositions	<ul style="list-style-type: none"> <li>• Affordable education for children from low-income communities in urban and semi-urban areas</li> <li>• Strategically located centers bringing child care and education to maximum number of children</li> <li>• Training and employment opportunities for young women entrepreneurs to run schools as an enterprise</li> <li>• Mentorship program helps children develop interest in education</li> </ul>	<ul style="list-style-type: none"> <li>• Affordable access to vocational training by facilitating payment of fees via easy installments after job placement</li> <li>• Vocational training focused on the construction industry which is one of the fastest growing sectors offering significant employment potential. Strategic partnerships with construction and real estate players create direct industry linkages for guaranteed placement of trained personnel.</li> <li>• Support system after placement to ensure quality standards</li> </ul>	<ul style="list-style-type: none"> <li>• Provides a low-cost and hands-on approach to learning for students in smaller cities and makes it accessible to low-income communities.</li> <li>• Training fee and kit cost is not recovered from students; provided to schools and beyond school programs as a bundled offering.</li> <li>• Learning modules available in English and vernacular languages, are mapped to school curriculum.</li> </ul>	<ul style="list-style-type: none"> <li>• Provides industry-relevant training curriculum helping the students to become job-ready from the start</li> <li>• Guaranteeing placements, as trainings are geared to meet existing needs of industry partners.</li> <li>• Option of paying part of the training fees after placement makes it affordable for BoP candidates.</li> <li>• Hand-holding support for three months after placement to bridge any skill gaps</li> <li>• Up-skilling trainings for employed youth</li> </ul>
	• <b>Affordable early child care and education</b>	• <b>Sector-specific skills training:</b> Pipal Tree	• <b>STEM education:</b> Educational kits	• <b>‘Skilling value chain’:</b> EduBridge

<p>Key Business Approaches</p>	<p><b>(ECCE):</b> Sudiksha offers affordable education and child care facilities for low-income urban families earning approximately INR20,000 (USD308) monthly. Sudiksha charges reasonable fees (INR4000-5000 annually) as compared to other private facilities and provides the option of payment in installments depending upon the income of the parents.</p> <ul style="list-style-type: none"> <li>• <b>Women entrepreneurship:</b> Sudiksha empowers women by giving them training to become teachers or caregivers at Sudiksha ECCE Centers. These entrepreneurs generate income through a profit-sharing model; 10% of the profit earned by a center goes to the respective woman entrepreneur. Also, having a local person on board builds</li> </ul>	<p>operates in a niche in the training industry, to specifically impart skills in the construction and machine operations sector, which is one of the fastest growing sectors in India and has been attracting a lot of support from governments.</p> <ul style="list-style-type: none"> <li>• <b>Training fees payment:</b> Students enrolling for training are not required to pay any up-front training fees. Once students are placed, the fee is recouped in installments, making job-oriented education and training affordable for rural BoP youth and women.</li> <li>• <b>‘Tree of life’:</b> Pipal Tree’s concept of skill training and education provides life-changing opportunities to its trainees. The enterprise offers a wide range of services with the aim of creating alternative livelihood</li> </ul>	<p>integrate content and skills associated with Science, Technology, Engineering, and Mathematics (STEM). These kits have been developed in the form of sachets, so that they are affordable and contain topic-specific modules. They are easily accessible by Indian schools, primarily government-run schools catering to low-income students.</p> <ul style="list-style-type: none"> <li>• <b>Do-it-yourself (DIY) kits:</b> The DIY kits introduce an innovative, hands-on and concept-based approach to subjects and lessons in the classroom. The educational kits and tools are offered in vernacular languages in order to increase their appeal, accessibility, and effectiveness. The enterprise also establishes science centers and</li> </ul>	<p>offers training programs across the ‘skilling value chain’ for Indian industries, right from entry-level jobs for rural youth to up-skilling college students to make them job-ready; imparting behavioral skills for working professionals.</p> <ul style="list-style-type: none"> <li>• <b>Payment model:</b> EduBridge charges a small upfront entry fee and a training fee, part of which can be paid after securing jobs post training. It guarantees placement and refunds entry fees in case placement is not possible.</li> <li>• <b>Industry partnerships:</b> Engagement with industry players has helped EduBridge innovate its training curriculum and streamlining it with the skill requirements of the industry. Since the students are trained only in the relevant skills, they</li> </ul>
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	instant trust with the community. Women entrepreneurs can also approach Sudiksha to open their own centers under the Sudiksha franchisee model.	opportunities for youth and women from BoP.	laboratories in schools and at after-school programs. <b>• Government partnerships:</b> Butterfly EduFields has been selling their educational/ laboratory kits directly to schools. By entering into MoUs with government schools, the company is able to distribute their solutions at a low cost.	are job-ready from day one.
Major outcomes	<ul style="list-style-type: none"> <li>• Owned and managed over 23 pre-schools</li> <li>• Served more than 2,500 children</li> </ul>	<ul style="list-style-type: none"> <li>• Run 20 training centers</li> <li>• Provided employment placement to more than 15,000 students</li> </ul>	Reached 150,000 students in 200 private schools and 750,000 students in 6,000 government schools	<ul style="list-style-type: none"> <li>• Run 60 training centers</li> <li>• Trained over 50,000 unemployed youth and achieved placements at least 67% of all its trainees</li> </ul>

Healthcare	iKure Techsoft (For-Profit)	LifeSpring Hospitals (For-Profit)	Ziqitza Health Care (For-Profit)	Biosense Technologies (For-Profit)
Established Year	2010	2005	2004	2008
Geographies of Operation	West Bengal, Odisha, Jharkhand, Uttar Pradesh, Assam and Karnataka	Telangana and Andhra Pradesh	Maharashtra, Telangana, Andhra Pradesh, Kerala, Orissa, Bihar, Jharkhand, Rajasthan, Punjab and Jammu & Kashmir	Maharashtra and Karnataka
	<ul style="list-style-type: none"> <li>• Providing low-cost access to primary healthcare services and</li> </ul>	<ul style="list-style-type: none"> <li>• Providing low-cost services at least 30% below the prevailing</li> </ul>	<ul style="list-style-type: none"> <li>• Providing 24x7 ambulance services at affordable prices.</li> </ul>	<ul style="list-style-type: none"> <li>• Affordable medical diagnostics made available to</li> </ul>



<p>Value Propositions</p>	<p>linkages and referrals to city-based hospitals and doctors to the rural and semi-urban population</p> <ul style="list-style-type: none"> <li>• Saving time, money and wage loss for BoP consumers, as iKure clinics are usually sixty minutes away compared to four - seven hours from the nearest hospital in town.</li> </ul>	<p>rates of other private hospitals.</p> <ul style="list-style-type: none"> <li>• Providing all services related to childbirth, from prenatal care to delivery to neonatal care and immunization, under one roof at affordable rates.</li> <li>• Counseling post-birth to educate community people with the right practices</li> </ul>	<ul style="list-style-type: none"> <li>• Leveraging government partnerships to provide free primary healthcare services via MMUs</li> <li>• Providing free ambulance facility for accident victims who are categorized as low-income people.</li> </ul>	<p>low-income communities.</p> <ul style="list-style-type: none"> <li>• Providing diagnostic services available at the patients' doorstep so as to avoid travelling to primary health centers, which are usually far from remote communities</li> <li>• Monitoring parameters from time to time since the devices are smartphone-based which saves all data on a central server.</li> </ul>
<p>Key Business Approaches</p>	<ul style="list-style-type: none"> <li>• <b>Cloud-based application:</b> Wireless Health Incident Monitoring System (WHIMS) is a cloud-based application facilitating real-time communication and referral of patient cases from remote areas to doctors in city-based hospitals. WHIMS seamlessly combines medical devices and stores patient records.</li> <li>• <b>Hub-and-Spoke approach:</b> iKure's hub-and-spoke model facilitates delivery of</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Tiered pricing:</b> Customers who can afford to pay for private rooms are charged reasonable rates, matching the charges of a typical mid-sized private hospital. These proceeds are used to subsidize general beds for BoP customers.</li> <li>• <b>Low-cost services:</b> LifeSpring charges an affordable fee for a normal delivery that is acceptable for BoP. The enterprise has brought down the</li> </ul>	<ul style="list-style-type: none"> <li>• <b>24x7 ambulance services:</b> ZHL runs ambulances equipped with personnel trained in basic and advanced life support. Once ZHL's call center receives the call, it uses GPS to identify the nearest ambulance and dispatch it to the patient.</li> <li>• <b>Focus on government collaboration to enhance reach:</b> ZHL consciously aims to become a preferred healthcare partner for government agencies</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Affordable testing/screening:</b> Biosense operates on a B2B model and hence, its customers are clinics and health programs who can afford a device rather than rural communities. The enterprise aims to increase the sales volume so as to bring down the initial cost at these clinics.</li> <li>• <b>Smartphone-based diagnostics:</b> All the diagnostic processes and results are available on a</li> </ul>

	<p>primary healthcare services at rural doorsteps by Community Health Workers and subsequent referrals to iKure's clinics and mobile medical units, block-level hub clinics and eventually to city-based hospitals.</p> <ul style="list-style-type: none"> <li>• <b>Mobile inventory:</b> iKure is in the process of deploying a mobile-based inventory management system, biometric mapping and smart cards for patients.</li> <li>• <b>Collective Partnership:</b> Collaboration with research institutes, hospitals and NGOs</li> </ul>	<p>service costs through an efficient administration system.</p> <ul style="list-style-type: none"> <li>• <b>Market-based approach:</b> LifeSpring follows a 'no-frills' approach, focusing on service specialization, effective resource utilization and para-skilling. Instead of investing in specialized infrastructure, it refers customers requiring tertiary care to one of its partner hospitals.</li> </ul>	<p>and programs. This strategy has enabled the company to deliver ambulance services and free primary healthcare services to areas and communities that have otherwise proved difficult for other players to reach.</p> <ul style="list-style-type: none"> <li>• <b>Tiered pricing:</b> A tiered pricing structure expands customer choice and makes ambulance services affordable for low-income households. A patient can choose to be transported to public hospitals and receive 50% discounted rates.</li> </ul>	<p>smartphone app for the health practitioners as well as patients making regular monitoring convenient.</p> <ul style="list-style-type: none"> <li>• <b>Diabetes testing device:</b> uChek is a smartphone app that can be downloaded by users. Users can then buy the kit online, get the reagent strips and then use their phone camera as a dipstick reader to detect changes to know the level of diabetes over time.</li> </ul>
Major outcomes	<ul style="list-style-type: none"> <li>• Served more than 2.5 mn people in 1,100 villages</li> <li>• Treated over 400,000 patients</li> </ul>	<ul style="list-style-type: none"> <li>• Provided affordable healthcare to over 5 million women</li> <li>• Helped deliver more than 45,000 babies</li> </ul>	<ul style="list-style-type: none"> <li>• Served more than 5.3 million people</li> <li>• Employed about 5,000 rural people</li> </ul>	<ul style="list-style-type: none"> <li>• Served about 1,000 people so far by way of diagnostic services</li> </ul>

Water & Sanitation	Eram Scientific Solutions (For-Profit)	Conserve India (Hybrid)	Sarvajal (For-Profit)	Shramik Sanitation Systems (For-Profit)
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Established Year	2008	2004	2008	1999
Geographies of Operation	Kerala, Tamil Nadu and 17 other states in India	Delhi	Rajasthan, Gujarat, Haryana, Maharashtra, Madhya Pradesh, Delhi NCR, Uttar Pradesh, Bihar, Jharkhand, Karnataka, Chhattisgarh, Jammu & Kashmir	Maharashtra, Telangana, Tamil Nadu, Karnataka, Bihar, Delhi and Haryana
Value Propositions	<ul style="list-style-type: none"> <li>• Providing affordable access to innovative toilet solutions for underserved urban communities</li> <li>• Helping communities achieving open defecation free (ODF) status</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing economic earnings of ragpickers by paying them better wages.</li> <li>• Exporting lifestyle and fashion products that it produces from waste to earn premium prices so that it can pay higher wages to its ragpickers.</li> </ul>	<ul style="list-style-type: none"> <li>• Providing 24x7 access to safe drinking water to underserved communities at affordable price</li> <li>• Creating entrepreneurship opportunities for BoP communities through its franchisee model</li> </ul>	<ul style="list-style-type: none"> <li>• Providing affordable access to sanitation solutions to BoP populations and at public gatherings</li> <li>• Providing comprehensive solutions for all sanitation needs covering portable products, cleaning, waste management, and waste recycling services</li> </ul>
Key Business	<ul style="list-style-type: none"> <li>• <b>eToilet:</b> Eram's e-Toilet is India's first electronic public toilet. These space-saving technology-enabled toilets are easy to install and maintain. Eram leverages technology to remotely monitor the toilets and provides maintenance services. The eToilet has an inbuilt water</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Patented technology:</b> Conserve India uses patented technology to recycle and up-cycle plastic waste into HRP sheets from which it manufactures premium consumer products such as bags and wallets.</li> <li>• <b>Export:</b> In order to generate premium</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Purification machine:</b> Sarvajal's low-cost water purification machine uses non-toxic materials for purification and is much more efficient than domestic water purifiers.</li> <li>• <b>Water ATM:</b> Sarvajal's automated water dispensing unit runs on solar power</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Product line-up:</b> 3S manufactures its entire range of sanitation products from recyclable polyethylene.</li> <li>• <b>Micro-entrepreneurship:</b> 3S's 'Sanipreneurs' model adopts an innovative approach which leverages micro-entrepreneurship to provide affordable access to community toilets for slum dwellers.</li> </ul>

Approaches	<p>tank and provides automated functionalities including flushing, platform cleaning, and waste treatment.</p> <ul style="list-style-type: none"> <li>• <b>Pay-per-use model:</b> Eram adopts an innovative pay-per-use model to make access to eToilets affordable for underserved communities.</li> <li>• <b>Collective partnership:</b> The enterprise has partnerships with Sustainable Sanitation Alliance (SuSanA), Marico Innovation Foundation, Innovation Alchemy, ISEA Group and IDEO.org and is a grantee of Bill &amp; Melinda Gates Foundation.</li> </ul>	<p>prices for its products and improve earnings of its ragpickers, Conserve deliberately focuses on exports rather than the domestic market.</p> <ul style="list-style-type: none"> <li>• <b>Safety of rag-pickers:</b> To protect its ragpickers from being harassed by garbage contractors or the police, Conserve works closely with the Delhi government to provide them with safer conditions.</li> </ul>	<p>and provide 24x7 access to quality water at an affordable price.</p> <ul style="list-style-type: none"> <li>• <b>Soochak:</b> It is a patented remote monitoring device which helps Sarvajal to maintain its purification systems. Soochak also has a touch screen that guides franchisee operators on plant functioning in local languages.</li> <li>• <b>Sarvajal Enterprise Management System (SEMS):</b> An in-house online platform of Sarvajal, which helps it analyze real-time field data</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Rental business:</b> The enterprise has added flexibility to its model by making its products available on rental basis.</li> <li>• <b>Marketing:</b> 3S has constantly explored newer application areas for its products, including special events, public gatherings, labor camps, construction sites, refineries, slums and disaster management.</li> </ul>
Major outcomes	<p>Installed over 1,600 e-Toilets and 400 sewage treatment plants</p>	<ul style="list-style-type: none"> <li>• Employed over 300 ragpickers</li> <li>• Trained over 1,200 ragpickers</li> </ul>	<ul style="list-style-type: none"> <li>• Served around 300,000 rural people on daily basis</li> <li>• Set up over 390 purification units</li> </ul>	<p>Installed more than 4,000 toilets</p>

**Table 2. Matrix of Distinctive Business Approaches and Selected Social Enterprises**

	Pricing and payment mechanism to improve affordability	Distribution mechanisms to enhance reach	Capacity building through skill development	Improving productivity and/or market linkage	Leveraging technology to increase reach	Collective Partnership
<b>Agriculture</b>						
1. Ekgaon Technologies			•	•	■	
2. Milk Mantra	•	■		•		
3. Under the Mango Tree			■	•		•
4. AgSri Agricultural Services			•	■		•
<b>Clean Energy</b>						
5. Simpa Networks	■	•	•			
6. OMC Power	•	■	•			
7. ONergy Solar	•	•			■	•
8. Gram Power	•	■	•		•	
<b>Education and Vocational Training</b>						
9. Sudiksha Knowledge Solutions	•	•	■			
10. Pipal Tree Ventures	•		■	•		•
11. Butterfly Edufields	•		■	•		•
12. EduBridge Learning	•	•	•	■	•	•

Healthcare						
13. iKure Techsoft	•		•		■	•
14. LifeSpring Hospitals	■	•				
15. Ziqitza Health Care	•	■				•
16. Biosense Technologies	•		•		■	
Water and Sanitation						
17. Eram Scientific Solutions	•	•			■	
18. Conserve India			■	•		•
19. Sarvajal	•	•			■	
20. Shramik Sanitation Systems		•			■	

- Dominant Distinctive Approach
- Key Distinctive Approach

## Abstract (In Japanese)

### 要約

持続可能な開発目標（SDGs）への取り組みにおいて、政府、民間企業、及び市民団体の関与が期待されている。特に、国際的な関心を集めているのが社会的企業である。国際開発機関は社会的企業への投資を増やしているが、そのビジネスの実践に関する実証的研究は依然として限られている。本稿は、途上国開発の観点から、社会的企業の注目すべき成功要因を抽出することを目的に、インドの低所得者層に必要な財とサービスを提供する営利目的型社会的企業の事例研究である。本稿では、挑戦的かつ厳しい活動環境において、業務継続を可能とする社会的企業の独特なビジネスアプローチを特定する。

**キーワード：**持続可能な開発目標(SDGs)、社会的企業、インド、低所得者層（BoPs）、ビジネスモデル、革新的ビジネスアプローチ