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## **Understanding Role of Social Enterprises in Women Empowerment**

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WP/01/2019-20/MM

February 2020

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## **Abstract**

Women living in subsistence society in India need social enterprises such as community based organisations (CBOs), which help them in organizing and interact with markets thereby creating social and economic value. Dairying is one activity in which women have been involved for a very long time but haven't been able to control the money earned out of the activity. There are very few CBOs established exclusively for women dairy producers in India. The goal of establishing exclusive women organisation was to help women have (i) control over the finances earned, (ii) chance to involve in decision making of household, and (iii) gain recognition for their contributions.

However, these organisations face unique challenges in organizing and mobilizing women producers overcoming socio-economic biases. The present study is interested in analyzing and understanding challenges and dilemmas faced by CBOs in achieving the goals mentioned before. The paper envisages to understand the functioning of CBOs solely established for the women dairy producers. It proposes to capture various facets of value transitions between producers and consumers involved. It is interested in uncovering the trade-offs and challenges associated with the management of CBOs. Two organisations are selected for the purpose of this study, i.e. (i) Mulukanoor cooperative established in Warangal district of Telangana and (ii) Shreeja Producer Company established in Chittoor district of Andhra Pradesh.

Secondary data on the two organisations will be collected from the sources available online and off-line. Primary data if collected by the organization for their own impact studies will be sought for analysis. In-depth interviews will be conducted with employees at various levels of the organization, women members and experts who supported the initiative. As suggested by Yin (2003) multiple case study design with organisation as a unit of analysis is taken up in this paper. This is with the view that analytical conclusions generated from multiple cases are more powerful. Further, it is possible to arrive at same conclusions even with cases having varying contexts leading to generalisability of findings.

# **Understanding Role of Social Enterprises in Women Empowerment**

## **INTRODUCTION**

Developing countries like India face enormous challenges when it comes to addressing the dynamic issue of poverty. The nature of activities in which poor involve for their earnings and their resource lessness forces them in and out of poverty. Government of India has been taking steps to help poor with its welfare programmes but suffers limitations of reach and impact. With private enterprises showing limited interest due to nature of problems and scale of resources needed to work with poor, third sector has a huge role to play.

Usually third sector enterprises operate in contexts where there is lack of platforms, channels and information flows. Businesses can help in this regard but need deeper understanding of what type of intervention works and what does not in poverty context. Co-creation, collaborations, mutual respect, patience and deeper understanding of impact are needed by agencies interested in working with the poor. The third sector enterprises or business ventures working for poor face, value creation, value capture and mutual value creation constraints. The organisations working for poor start with the aim of doing something for the poor, which is wrong mindset. The right thinking involves doing something with poor which requires suitable collaborations between business and third sector organisations (London, 2016).

The paper tries to understand the role played for social enterprises working for the empowerment of women in India. A literature review is presented in the following sections on (i) social enterprises, (ii) value and (iii) women empowerment. Each section is ended with questions which need to be answered for developing a better understanding of the processes and systems established and their effectiveness in empowering women.

## **SOCIAL ENTREPRENEURSHIP**

Social entrepreneurship plays a role in systematically identifying the neglected positive externalities and provides solutions (Santos, 2012). Social enterprise can be understood through core (social objective & method) dimensions and amplifying dimensions. Social objective being working for maintaining or improving social conditions, which go further than the mere financial benefits planned for stakeholders. Social method involves the organisation relying on goodwill of all or some of the stakeholders. Amplifying dimensions include (i) founders taking no return or

accepting less than market rate financial returns, (ii) workforce motivated by the non-pecuniary benefits of involvement, (iii) beneficiaries or consumers of the services not expected to pay costs of production including capital costs, and finally (iv) board with a sense of stewardship for social mission (Dees, 1994).

Further, social enterprises produce products, services and / or institutions to (i) meet the basic needs, creating enabling structures, and maximizing choices for beneficiaries, (ii) at individual and community level for current or future generations, and (iii) its purpose is to bring in social change leading to sustainable development (Seelos and Mair, 2005). Provision of goods and services is an integral part of social entrepreneurship aimed at achieving social objectives to bring about social change. Social entrepreneurship pursues economic activities with social mission for transforming the social environment (Mair et al. 2012). In line with this Rindova et al. (2009:477) define entrepreneurship as “*efforts to bring about new economic, social, institutional, and cultural environments through the actions of an individual or a group of individuals*”. The definition considers economic activities and social transformation ambitions which are characteristic of social entrepreneurship (Steyaert and Hjorth 2006) along with local communities in which the intervention is embedded (Seelos et al. 2011).

Social entrepreneurship definition which focusses on social value creation as primary mission by solving social problems is significant. This is because such ideology is common among major definitions proposed for social entrepreneurship (Dacin et al., 2011). Social problems can be solved through application of business principles if social entrepreneurship can be understood as a collaboration of actors who are similar and diverse. Examining social capital, social relationships and collaborative actions which may result in social change, it is possible to understand emergence of social entrepreneurship behavior and theory. More importantly, in collective social entrepreneurship (i) existing resources are leveraged, (ii) new resources are built, (iii) institutional arrangements emerge and reshape, which drive scalable efforts that bring change are impacted. Major forms of collectives are (i) social movements, (ii) community cooperatives, and (iii) cross-sectoral collaborations (Montgomery et al. 2012). Cooperatives, social enterprises and community-based enterprises / organisations are different forms of organisations with similar objective of social change. Cooperative serves the interests of its members i.e. economic benefits, information, education and training in activities the members are involved. Social enterprise serves

the economic goal of the community in which it involved along with bringing social change. Community based enterprise / organisation also attempts to achieve single or multiple goals (e.g. social, economic, environment, capacity building etc.). Whatever the form of organisation the goals are not novel, but mix of existing ones (Soviana, 2015).

Community based organisations (CBOs) are a type of social enterprise which have been instrumental in helping poor out of poverty by (i) organising and mobilizing them, (ii) their asset development, (iii) facilitating remunerative market access, and (iv) enabling them to continue the activities in long run. CBOs aim at (a) reducing costs and risks and (b) improving benefits and returns involved in all market transactions of their producer members (Shankar, 2012). Women constituting half of the population continue to face social prejudice in their production and market transactions. Due to this reason they get exploited more than the male members of their community and remain disempowered and poor. CBOs working for women empowerment strive to help these women to fight the exploitation, improve their returns from markets, increase their contribution to household and finally empower them (Saripalli, Chawan and Gunta, 2018). There are very few CBOs established exclusively for women dairy producers in India. These organisations face unique challenges in organizing and mobilizing women producers overcoming socio-economic biases. The present study is interested in analyzing and understanding paradoxes, challenges and dilemmas faced by CBOs interested in empowering women.

#### Questions for study

- How are the selection of partners, choice of processes and prioritisation between value creation and value capture take place in CBOs?
- What tensions and dilemmas exist in women dominant CBOs managing marketing and social logics?
- How are power equations among women members regulated through governance mechanisms in CBOs?

#### **VALUE**

In general terms value is “*Consider someone or something to be important or beneficial*”. A social enterprise can organise people who are facing problems, which are left unaddressed either by government or market and try to develop solutions. As a part of this solution, the social enterprise may want to get into activities which are of value to the people e.g. improving productivity of

artisans and creating market access for their products. As indicated in the example, the activity of social enterprise may involve value creation (e.g. enhance productivity) and value capture (marketing to make profit).

Value creation occurs with increase in aggregate utility of members after considering resource's opportunity cost needed in an activity. Value capture takes place when entrepreneur / organisation can appropriate chunk of value created by the activity after taking into account the mobilized resource costs (Mizik and Jacobson, 2003). Impact of value creation by a social enterprise needs to be measured at system or society level and value capture could be measured at organisation level (Santos, 2012). A social enterprise can sustainably capture value for benefits of its members or society at large only when value creation takes place. Value capture without value creation is unsustainable and illegitimate as it imposes costs on to society. Value capture is an important for value creation activities of an organisation to drive growth and sustainability (Cheston, 2010).

However, we cannot posit that value creation and value capture are correlated perfectly. Certain value creation activities leaving value spillovers due to externalities may not necessarily leave scope for value capture (Rangan et al. 2006). This is because some target members / beneficiaries of a social enterprise may not be able to pay for goods and services received despite their willingness (Seelos and Mair, 2005). In certain instances, decisions or actions taken by organisations leave potential for value capture to the detriment of value creation. This is not a good sign as it jeopardizes the long-term sustainability of the initiative. Keeping this in view social enterprises need to make trade-offs between value creation and capture. Organisation can clearly state its relative emphasis on both activities, which decide the course of action (Santos, 2012).

The members or communities with which social enterprises involve face constraints in both the value creation and value capture activities. These are addressed by the social enterprise either all by itself or through collaborating with suitable agencies. As explained by London et al (2010) value creation constraints, the social enterprises work on providing 'accessibility, availability and quality' of (i) production inputs, (ii) investment, working capital and insurance, and (iii) technology, equipment, business knowledge and storage. This helps people to produce best quality products which are valued by the final customers. Further the value capture constraints are addressed with (i) continued market support during fluctuations and cyclicity of demand, (ii)

address information asymmetries, transparency in transactions, protection and enforcement of rights, and (iii) accessibility, affordability and quality of market knowledge, infrastructure and transport.

#### Questions for study

- How is value created, delivered, captured and distributed through the institutional mechanisms of a CBO?
- How is the CBO helping its members with value creation and value capture constraints?

### **WOMEN EMPOWERMENT**

Empowerment is a process of change that refers to the ability to make choices. Choices can occur after understanding circumstances, accepting what is given, or individual's decision to conform. Whichever may be the reason choice implies that alternatives are possible, and individuals have the ability to choose otherwise. Most important pre-condition for empowerment or ability to choose is the fact that the individuals must be disempowered in the first place. Empowerment does not apply to those who have never been disempowered in their lives. Due to this complex nature of empowerment it can be understood through three interrelated dimensions (i) resources / pre-conditions, (ii) agency / processes, and (iii) achievements / outcomes (Kabeer, 1999).

Women representation in the workforce has reduced from 35 percent in 2004 to 29 percent in 2019. Women do not get paid half the time for their involvement in unprotected and informal work. Women comprise of 40 percent labour force in agriculture, but only 9 percent of them own land. About 60 percent women in India do not hold any assets in their name. Their contribution to India's GDP is only 17 percent compared to world average of 37 percent. Estimates by IMF suggest that Indian GDP would increase by 27% with women's equal participation in the workforce. It is also found that economically empowered women boost demand, invest in children's health and education thereby raising human development levels in society. One in three private sector companies indicated that their women empowerment initiatives in emerging markets contributed to raised profits (UN India, 2020).

As per 68<sup>th</sup> round of NSSO, there is a wage or salary difference that can be observed between men and women employed between the ages 15-59 in rural as well as urban areas. In rural males get paid INR. 322.28 whereas women get only INR. 201.56 on an average. In urban areas men get



paid INR. 469.87 compared to women who received only INR. 366.15 (MoSPI, 2018). The situation of women in rural areas is much worse compared to their urban counterparts. About 23 million households in rural areas are headed by women of these 14 million are to be considered under the category of “deprivation”. A family is considered deprived based on its (i) house condition, (ii) landlessness, and (iii) absence of literate, able bodied or male member. About 10.11 percent of this population survives on monthly income less than INR. 5000 and about 0.89% earn INR. 10,000 monthly income as per the Socio Economic & Case Census (Livemint, 2015).

In general, women are constrained by the values, customs, beliefs and norms in their society which influence their ability to choose or their choice making process, or choices made (Kabeer, 2000). If a woman feels disempowered, she cannot be bestowed with empowerment by a third party, but she must claim it for herself. The third party can only create conditions or eco-systems which will favour empowerment. Further, empowerment is not an absolute state one can arrive at; but is relative to others and self with respect to a previous time. If an agency is focusing on women empowerment at a collective level, it has to understand the power relations between sexes in the context, how they are constructed and maintained (Mosedale, 2005).

Social enterprises operating with (i) empowerment, not control, and (ii) embedding empowerment in a business model (Mair & Schoen, 2007; Santos, 2009) are well placed to help women from oppressed communities. A business model should be able to address the production and transaction related constraints faced by the producers. This is because in any community the members face problem with either or both the constraints. Addressing these two constraints either one after the other or simultaneously depends on whether the communities were producing products demanded by markets or need to learn new skills to produce what is demanded by the market (London, et.al, 2010). Due to their connectivity with grassroots and ability to understand and empathise with the individuals in oppressed communities, social enterprises are better placed to help them.

#### Questions for study

- Can the women organisations sustain themselves if the support from the agencies is withdrawn?
- Does membership in CBO empower a woman in her household?

- Do the roles of women in the family change due to the economic activity they are involved in with CBO?
- Do women contributing income to the household have more say in the economic decisions of their household?

## **RESEARCH METHODOLOGY**

**Objective:** The research paper envisages to understand the functioning of CBOs solely established for the women dairy producers. It tries to capture various facets of value transitions between producers and consumers. It is interested in uncovering the trade-offs and challenges associated with the management of CBOs.

**Sampling:** A cooperative and a producer company established for women dairy farmers are selected for this purpose. This is a purposive sampling as these are the only two established organisations with more than five year functioning available in India. Mulukanoor Women's Cooperative Dairy established in Warangal district of Telangana state and Shreeja Mahila Milk Producer Company Limited established in Chittoor district of Andhra Pradesh state are selected for the study.

**Data Collection:** Secondary data on the two organisations will be collected both from the organization and from the sources available online. Primary data if collected by the organization for their own impact studies will be sought for analysis. In-depth interviews will be conducted with employees at various levels of the organization. Also, in-depth interviews will be conducted with the select members of the organization. If possible, interviews or expert inputs will be obtained from those who have been involved in the setting up of the dairy coop / Producer Company.

**Methodology:** Multiple case study design with organisation as a unit of analysis is taken up in this paper. This is with the view that analytical conclusions generated from multiple cases are more powerful. Further, it is possible to arrive at same conclusions even with cases having varying contexts leading to generalisability of findings (Yin, 2003).

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