

A conceptual model of critical success factors for Indian social enterprises

Background

Critical success factors (CSF's)¹ have been defined as the “limited number of areas (strategic) in which results, if they are satisfying, will ensure the competitive performance of the organisation” (Bullen & Rockhart, 1981; Johnson, Scholes & Whittington, 2005). Further, CSF's can be the characteristics, conditions & variables that are significantly responsible for the organisation's success (Leidecker & Bruno, 1984) or success in marketplace (Lynch, 2003). Identifying & analyzing the CSF's have been found vital for achieving the competitive advantage (Grunert & Ellegard, 1993; Johnson, Scholes & Whittington, 2005; Meibodi & Monavvarian, 2010) & the organisational goals (Rockhart, 1979; Grunert & Ellegard, 1993). CSF's have been regarded as possessing potential uses (e-g; in strategic analysis) for any organisation (either for-profit, not-for-profit, large or small, domestic or foreign: Wronka M, 2013; Gierszewska & Romanowska, 2007).

There has been substantial growth in the number of studies concerning CSF's in private sector (Faulkner & Bowman, 1986; Dacin et al., 2011). However, studies analyzing the CSF's of social enterprise (SE)² sector are meager.

The present research is undertaken with the aim to identify the CSF's of social enterprises (SE's)³ operating in different social settings in India. The central questions that underline the research are: What are the skills & resources required for the success of SE's in India? What are those areas (strategic) where the enterprise can invest in? What are the areas of SE functioning where the SE must go right? What shall be the input factors that will structure the thoughts of SE decision makers in their planning process or strategy formulation? In a way, the outcome of the study would enable the practitioners in directing their useful energies towards these selected factors or the areas which merit their attention. This would save a considerable amount of their precious time as well as ensure that the venture is efficiently pursuing its social entrepreneurship (S-ENT)⁴ goals.

Further, since SE's are characterized by distinctive features (discussed later), any analysis of CSF's in such ventures have to take care of such unique aspects. The factors of commercial profit or traditional not-for-profit business success have to be applied & analyzed with caution in SE settings. Therefore, while identifying & analyzing the CSF's in SE context, the present study strives to find out the degree by which solutions in the private sector can be utilized in the SE settings.

The paper is organized as follows: first section reviews the existing literature to examine how S-ENT & SE's are portrayed in the literature. The goal is to arrive at a working definition of SE's which will supposedly guide the future analysis of samples for this research. Section 2 covers the pertinent literature about success factors. Section 3 covers the proposed success factors framework where we develop & discuss testable prepositions for CSF's influencing the SE outcome. The last section covers conceptual model & contains scope for future work.

¹CSF's, ²SE, ³SE's & ⁴S-ENT are used as abbreviations of critical success factors, social enterprise, social enterprises & social entrepreneurship respectively throughout this document for reasons of space.

Introduction

S-ENT as social problem solving endeavour, is emerging as a socially innovative business model for the required social transformation & change in the whole world (Robinson et al., 2009; Mair & Marti, 2006; Peredo & McLean, 2006; Dees et. al., 2002; Chell, 2007). However, the S-ENT philosophy is still considered to be in its budding phase (Short et. al, 2009). The field is having fragmented literature & there is lack of consensus regarding the framework & theory of S-ENT (Hill et al., 2010, Short et al., 2009, Certo & Miller, 2008, Mair & Marti, 2006). Till date, S-ENT has majorly been consented as entrepreneurial activity with an embedded social purpose. Thus, S-ENT mainly stands for endeavors which primarily focus over social value creation & hence social mission remains central to every S-ENT activity.

While dealing with complex social issues, the S-ENT fosters social innovation & consequently stimulates ideas for some socially acceptable & sustained business strategies & enterprise forms. In actual practice, the social entrepreneurs indulge in creating institutions for the purpose of actualizing their social transformation mission & to carry the innovative solutions forward. Consequently, the field of organisation building & development gains social entrepreneur's utmost interest & priority. The rationale for such a hyped importance for organisation success lies in the fact that the social entrepreneurs use such ventures for sustaining their social change as well as for scaling up their ensuing social impact to the maximum potential. Therefore, exploring these issues of social enterprise management appears to be of greatest importance as they can enable practitioners to evaluate the effectiveness of their ventures.

India has witnessed an up rise in the budding number of social entrepreneurs in the past decade (Ashoka's growing list of Indian social entrepreneurs, 2015). While S-ENT movement is catching impetus within Indian, we have however a poorly defined & unstructured SE sector in India. Even very little is known about SE management & organization & we do not have a comprehensive picture of their processes till date. The theories concerning the creation, management & performance of SE's in India are yet to be crafted.

Indian SE's is relatively an unexplored field. There is absolute dearth of research in the Indian context & Indian social enterprise market has a long way to go both in theory & practice as compared to the western countries. A few nascent studies conducted over SE's in India have primarily explored the success stories of social entrepreneurs through qualitative & case studies which are often anecdotal & have limited value for comparative studies. Thus, there is need as well as scope of leading some rigorous, quantitative research in order to enhance the applicability of S-ENT research in India.

Social enterprise- definitional controversies

The term 'social enterprise' existed even prior to its present hyped usage. Thus, the practice of SE's may well be ahead of the theory as in other areas of social action (Alvord *et al.*, 2004). The debate of SE vis-à-vis S-ENT was being translated into the academics recently (Johnson, 2000). The concept of SE enclaves a broad spectrum of organizations, ranging from pure non-profit organizations engaged in a social mission supporting commercial activity to for-profit ones operating some socially beneficial activities (Kerlin, 2006). Some authors like Hartigan (2006) have viewed the social entrepreneurial organizations in the for-profit context where emphasis is given to limited or no profit distributions at all (Bacq & Janssen, 2011). For instance, certain SE's like 'Grameen Bank' & the 'Big Issue' have been established as for-profit ventures but in the meantime there are ventures established as non-profit ones with a strong charitable status. However, the literature also proves that the SE's have been dominantly placed in non-profit

sector (Lindsay & Hems, 2004; Austin, Stevenson & Wei-Skiller, 20003; Boschee, 1998). The SE is regarded as “overwhelmingly a non-profit sector phenomenon” (Peredo & McLean, 2006; OECD, 1999). According to few other researchers, SE’s are being recognized as “Hybrid entities” possessing both the social as well as economic objectives (Townsend & Hart, 2008), which consequently have made it tough to earmark the boundaries pertaining to SE concept (Peredo & McLean, 2006; Mair & Marti, 2006; Martin & Osberg, 2007; Short et al, 2009; Dart, 2004).

Within an economy, the SE’s are differentiated from commercial ones by virtue of trading products & services (Spear, 2001). A further line of demarcation lies in the way SE’s use to distribute surplus, which can be referred to as “non-distribution constraint” (Hansmann, 1980). There is a wide consensus that a SE differs from commercial business on the grounds of its social goals. SE’s may pursue the economic goals as well but profits are not the only objective of SE’s. In order to realise their social goals associated with either public or non-profit sectors, SE’s have been identified as applying the business strategies from the private sector. Thus, they emerge as hybrid forms (Defourny & Nyssens, 2006), possessing the characteristics of the both types in a blended form.

Critical aspects of social enterprise operation

Unlike traditional top-down approach of development, SE’s represent a paradigm shift by leading a renewed bottom-up approach of development. The simultaneous pursuing of both the financial & social goals often creates tension while taking the strategic operational decisions of the enterprise (Tracey & Jarvis, 2007; Boschee, 2006). Unlike commercial enterprises, SE’s have to manage double bottom lines which necessitates a careful balance when striving to build & maintain competitive advantages. Failure to maintain balance between the social & economic objectives often threatens the organisational sustainability. Thus, maintaining an appropriate balance between social impact & financial viability is a vital aspect of SE management (Boschee, 2006). Therefore, the hybrid & often paradoxical nature of SE’s have made them challenging businesses to manage, to research or to devise policies for their governance (Peattie K & Morley. A, 2010). Over the time, many claims have been proposed regarding the potential of SE’s towards contributing to social capacity building, responding to unmet needs, creating new forms of work (Amin et. al., 2002), promoting local development, defining new goods & services, fostering integration, creating jobs, improving attractiveness of an industry & locality, empowerment, & consolidating local assets (ECOTEC, 2001). Again, the problem is chiefly the result of the ambiguity lying with the definition of social enterprise. It is not, however, the general definition of SE’s that appears to be problematic, but rather the specific ways that can be used to identify & measure social ventures on a broad scale. Thus, it is tough to metricize the contribution made by SE’s due to the reason that the benefits fetched by SE’s are predominantly of non-monetary nature & thus difficult to value. Therefore, the exact scale & scope of SE’s contribution to societal developments is difficult to delineate & measure accurately (Peattie K & Morley A, 2010).

Unlike traditional entrepreneurship, the success of which relies upon the creation & sustenance of a viable & growing business, the SE’s are subjected to some great social dynamics & systems that determine its viability & success while on the go. As a consequence, the SE which was created to solve the particular social problem may get smaller or less as it succeeds (Alvord *et al.*, 2004). This makes us wary about the sustenance of SE’s which have to be continuously tailored to suit the social as well as market dynamics. There is a continuous reduction in the

traditional resources & competitions for these common resources tend to become intensified. In order to serve the community better, the non-profit ventures have to necessarily adopt business professional operations & certain marketing techniques to gain efficiency in its services & products (Reis & Clohesy, 1999). Therefore, they find hard to hire/retain top talents or invest in state of the art infrastructure & technology. The SE started with a pure social mission in a not-for profit sector is forced to adopt some revenue generating strategies. As a consequence, non-profits/ NGO'S in India are increasingly being found following the trend of conversion to for-profit mode or adopting some profit generating avenues partially as a measure for self-sustainability. For example; microfinance institutions like 'SKS' & 'Spandana' were first created as non-profit models & now transformed into for-profits (Asian Development Bank study report, 2012).

Besides, the recent findings have highlighted the importance of competition which the SE's are facing from the for-profit sector. Neo- liberal policies adopted by many countries since 1980's emphasize market as the main regulating mechanism of resources. Consequently, funding from Governments to many non-profit ventures reduced year by year while for the meantime, market failures pressurize the non-profit ventures for efficient provision of public services (Johnson, 2000; Reis & Clohesy, 1999). Thus, such organizations are confronting operational pressures.

Prevailing state of social enterprises in India

The entrepreneurial activities or ventures carrying seeds of social concern are being established & managed in diverse geographical contexts & organizational forms across India. Thus, India can be regarded as the hotbed for S-ENT activities. However, while on one end of the continuum, we have the field of S-ENT as an exceptional opportunity to explore, analyze, challenge & rethink the central concepts & assumptions related to the social & economic development, on the other end we have a poorly defined & unstructured S-ENT sector in India. The Indian SE's lack sectorial recognition & there is no uniform understanding of the concept of S-ENT in India till date. As such there is absence of regulatory framework or any formal recognition system for SE's in India. The Indian social entrepreneurs are majorly deprived of formal sectorial benefits like tax breaks or incentives etc.

There is dearth of even definitions & a wide diversity prevailing among the organisational forms adopted by SE's within India. The multidimensional nature of social ventures as well as the variegated nature of social problem solving in India poses substantial challenges with regard to defining & delimiting the boundaries of social enterprise operation. The Indian SE's have partially been receiving the attention of researchers & policy makers. Even very little is known about their management & organization & we do not have a comprehensive picture of their processes till date. The policies pertinent to the creation, sustenance, & management of SE's are yet to be crafted. There is absolute dearth of research in the Indian context & Indian SE market has a long way to go both in theory & practice as compared to the western countries. Surprisingly, majority of the Indian social entrepreneurial efforts stay with meagre results. They go unorganized & unnoticed by dint of poor support & recognition they are getting from multiple agents. They stay with financial difficulty on a self-employed scale.

Nevertheless, S-ENT in India albeit in its nascent stage is gradually receiving a thrust nowadays. With the Government & the traditional economic means of planning, funding & provisions of services such as health, education, & social welfare etc. tuning too inefficient, new attitudes to social problems & new expectations of citizens towards sustainable development are rightly arising now. While on the one hand we have ample number of economic & social inequality

issues, on the other hand we have ample number of budding entrepreneurial initiatives stimulating a renewal of the social sector. The Government's continuous deregulations (like deregulations on 'ease of doing business' under 'Make in India policy' -2014, National policy for skill development & entrepreneurship-2015) while simultaneously supporting the social businesses have unlocked an ocean of opportunities for social businesses (social entrepreneurs) in the recent past.

Social Enterprise-A working definition

The literature proves that the term SE is projected as more of 'umbrella pooling' encapsulating a wide range of activities across different sectors & regions. The diversity in the mission, strategies, structures & processes of SE's is undoubtedly posing a challenge before the academic community worldwide. Thus, the multidimensional nature of social ventures appears to be the prominent hindrance in defining & delimiting the boundaries of SE operation. Further, the different criteria used to identify & measure SE's also serve as source of such overwhelming definitional controversies.

Since definitions have however been regarded as vital for differentiating the SE's from other types of organisations as well as for differentiating between the types of SE's (Jones et al., 2007). Thus, it is mandatory for the researchers to first identify SE's among other types of organisations before undertaking any relevant research analysis.

In light of the above & based on the fact that there is absence of universally acceptable definition for SE, we differentiate the distinguishing characteristics of the SE & provide a critical review & research queries for each of the feature. We propose following working definition of the SE's, which will supposedly guide us for analysing the future samples for the present research:

SEs are organisations established principally for a social value creation mission, & pursue sustained market driven strategies to achieve social objectives. In doing so, they adopt organisation structure favouring the achievement of social goals.

The definition emphasizes the primacy of social mission which is central to any S-ENT activity. Further, the definition favours the use of trading abilities for the social missions of such enterprises. The above definition favours the notion that a SE can occur in any organisation form of for-profit, not-for profit or in hybrid. However, an essential criteria emerging from the definition is the use of market driven business strategies by the SE's. The criterion thus excludes the traditional not-for-profit organisations that depend on charitable donations, conventional aids or Government grants for their financial sustainability. The definition concurrently also excludes the commercial for-profit organisations that are established for missions other than social.

Objectives of the study

As pointed out by our comprehensive literature review, the S-ENT field is still fragmented with none established theory till date. Besides, the practice & theory of S-ENT is relatively unexplored in the Indian context. The literature review also pointed out the strong need for conducting in-depth investigation in context of Indian SE's, for the purpose of enabling the SE's to formulate the business strategies to seize & leverage the S-ENT opportunities in the Indian markets in a much better way. In light of the above, a research regarding the CSF's of Indian SE's needs to be conducted which will act as an potential input to the practitioners & policy makers who will be interested to deal with this growing phenomenon in future. Hence, the research has been formulated with the following main objective.

- To identify & synthesis the critical success factors of social enterprises operating in different social settings in India

Critical success factors find immense importance in devising the strategic aspects of ventures. And since, there is lack of a comprehensive S-ENT theory; most S-ENT studies thus mostly rely upon the conventional entrepreneurship literature. Therefore, in accordance with the above-mentioned primary objective, the study was acknowledged with the set of following sub-objectives in order to conduct the research in a more comprehensive way:

- i. To find out the degree to which the conventional business strategies can be utilized in SE sector.
- ii. To identify the similarities & differences in terms of CSF's in private & SE sector.
- iii. To develop testable prepositions in order to measure the influence of different CSF's upon SE outcome.

Methodology

The methodology involved the extensive survey of literature concerning the CSF's of social businesses in India. All the factors associated with the success of SE's (derived through a process) that have been recommended by the academicians & the practitioners from time to time were systematically identified, categorized & then synthesized into a framework.

We ended up with a list of 45 topical success factors (table 3) in this direction. Specifically, we reviewed the literature on SE concepts, process, social success of SE's, Indian SE landscape, challenges faced by Indian SE's, Indian developmental challenges, business success factors of non-profits; duality of SE goals etc. Due to acute dearth of pertinent information regarding the theme of the search, conclusions were drawn from the analysis of reports of diverse nature. The sources of such information mainly included published & a few unpublished reports in journals, magazines, newspapers & internet etc. in an effort to capture the unique topical success factors. Based upon the kind of research methodology employed, we could classify such related work into qualitative & quantitative studies.

INSERT FIGURE 1 HERE

For easy understanding of the identified success factors, the researchers classified them into three categories: individual, organisational & institutional. Each category includes a set of pertinent factors (dimensions) which are too critical for success of SE's. They are deemed as critical on the basis of their importance & repeated manifestations in literature & practice. Further, these dimensions were decomposed into sets of sub success factors (variables) in order to be more understandable & applicable in the context of SE's as well as to advance the research in this direction (Cooper, 1989).

This way, we were able to arrive at a multidimensional view of critical success factors. This particular process is illustrated in figure-1.

Each of the identified critical success factor is claimed to have an impact on the outcome (either social or economic) of SE's. Thus, we provided the relevant literature in the next section which supports their influence in SE success. We proposed a set of 13 CSF's which is believed to be more suitable for SE's in India. The importance of the proposed CSF's was theoretically discussed & justified. Further, for the sake of future empirical analysis of these factors or to evaluate the extent of success of this proposition, various testable hypotheses were developed.

INSERT TABLE 1 HERE

INSERT TABLE 2 HERE

Proposed framework

After literature survey for the CSF's of SE's, we came up with the above framework as depicted in table 2. The framework classifies the identified CSF's into 3 categories; individual, organisational & institutional. Under each category, we have the sets of main CSF's. Further, each CSF was decomposed into its constituents (variables). However, we may have main CSF's with no sub factors because we didn't find any suitable variable from the literature. We have to note here that the classification & the division of CSF's are from the author's point of view.

The following section will review the importance of identified CSF's & will develop & discuss testable prepositions for evaluating the influence of CSF's on SE outcome. At the last, these CSF's are integrated into a conceptual model (Figure 2).

A. Individual factors

i. Business planning skills

The successful establishment & the subsequent running of business ventures not only demands the possession of some critical general business management skills, but also range of technical & practical skills that are specific to the enterprise's focus. The importance of business planning skills in conventional businesses has been highlighted by different authors from time to time (Rae, 2007; Burns, 2007; Kirby, 2003; Barrow et. al., 2001). However, unlike mainstream enterprises, SE's (regardless of the form in which they exist or the model they operate) pose some intricate management challenges. Such unique complexities arise primarily on account of the variegated nature of social goals. Managing SE's is thus typically a dynamic process & necessitates the continuous adoption to the ever-changing environments. Often they have to take tough decisions in resource constrained environments & often the decisions have a ripple effect on other aspects of their venture. Thus, the issues of business professionalism would turn to be more challenging for them. The literature proves that such implementation of business professionalism would mandate a cultural shift from being value led only to becoming more market led (Conway C, 2008) while still maintaining the organisation's mission, a difficult if not impossible balancing act for some to follow (Burns, 2007).

Through literature survey we found that within developing countries like India, there is even greater scope for business skill improvement in SE sector. In India, majority of the SE's are being established either through non-governmental organizations or typically through some informal platforms. Even, there is absence of some formal & accredited means of skill development initiatives for the managers or the key staff members of SE's. While India is claimed to have an extraordinary talent pool most suited to entrepreneurship, it simultaneously has dearth of both functional & entrepreneurial skills (Gupta, 2001).

Further, due to the extreme diversity prevailing within Indian social enterprise sector, the validity of a particular skill development initiative needs clarification. Therefore, the need to develop & follow optimum levels of business professionalism emerges as too critical for ensuring SE success.

Preposition (P1): *There is significant positive association between business planning skills of social enterprise individuals & social enterprise success.*

ii. Entrepreneurship orientation

The literature on entrepreneurship primarily demonstrates the use of three major & fundamental dimensions of entrepreneurship orientation: i-e, innovativeness, risk taking & pro-activeness for measuring their impact on the venture performance (Yong T Kim *et al.*, 2010; Weerawardena & Sullivan, 2006). All the three measures of entrepreneur orientation show a significant positive relationship with the financial performance of entrepreneurial organizations (Morris & Paul, 1987; Keh, *et al.*, 2007; Zhao *et al.*, 2010). The above three measures of entrepreneur orientation were noticed in social entrepreneurs by Sullivan & Weerawarden (2003). The 'entrepreneurial orientation' in case of social entrepreneurs however, is regarded as the aggregation of above three dimensions with the addition of another variable, namely social value creation (Yong T Kim *et. el.*, 2010). The factor of social value creation (SVC) is unique to the social entrepreneur endeavors & has been used for similar contexts in many studies (Jung, 2007; Moshe & Lerner, 2007).

SVC factor remains a distinguishing characteristic of all SE's. Social entrepreneurs in general are driven by a double bottom line-financial & social value creation goal. Here, the financial value is a goal for social entrepreneurs as a means to the end of social value creation (Jerr Boschee & Jim McClurg, 2003). Thus, entrepreneurship orientation as an aggregate of above four variables emerges as a must for ensuring SE's success.

In our study, we attempt to measure the impact of entrepreneurship orientation on the SE success (outcome). We propose:

Preposition (P2): *Social entrepreneur's social entrepreneurship orientation will positively affect the performance of social enterprises.*

iii. Leadership

Social entrepreneurs as leaders of socially driven missions are identified as being far from extraordinary, having a self-belief that they can make a difference (Bornstein, 2007). The literature has strongly supported the notion that the people joining SE's must be having a total dedication to the venture success (Shariri & Lerner, 2006; Christie & Hong, 2006), having not only the entrepreneurial passion but the passion for solving the social issue as well (Thompson, Alvy, & Lees, 2000; Emerson & Twersky, 1996). Further, the literature have stressed for the kind of people who are motivated by social gains rather than the personal financial gains (Austin, Stevenson, & Wei---Skillern, 2006). Moreover, such people must be capable of bridging & building trust among diverse group of stakeholders (Alvord Brown, & Letts, 2004; Asutin,

Stevenson, & Wei-Killern, 2006). Thus, we propose that a strong leadership is an essential ingredient of SE success.

Proposition (P3): *There is a significant positive association between leadership & enterprise success in Indian social enterprises.*

iv. Networking

An entrepreneurship pursuit in general is essentially not the quest of single individuals rather it is driven through the interactions of various actors in social relational networks (Korsgaard, 2011). The social relation & interaction networks of entrepreneurs are pivotal to the entrepreneurial process (Dubini & Aldrich, 1991; Chell & Baines, 2000; Nielsen C, 2012). Network connections of enterprises have been acknowledged to fetch contexts through which the ventures can gain “additional resources” (Adler & Kwon, 2002), “knowledge” (Floyd & Wooldridge, 1999), information (Van Hook & Hutt, 1991), & “experience” (Thrift, 1996). Even, networks help in; testing the entrepreneurial ideas, connecting with like-minded people who share interest in the purpose of business (Nohria, 1992) as well as help in gaining the consequent support for the business development (Kamm & Nurick, 1993).

Since SE's mostly operate in resource constrained environments, the networks find an immense importance in accessing & mobilizing the resources from different sources. Since, resources are too critical for social enterprise success, developing a large network of supporters is a must in order to leverage resources outside of the organisation.

Proposition (P4): *Social enterprise success is dependent upon the networking capability of the social entrepreneur.*

B. Organisational factors

i. Innovative Financing

While as the areas of financial support & fund raising have been identified as important for the success of entrepreneurial efforts (GEM conceptual model by Reynolds, et al., 2000), most of the SE's face more challenges in financing & fund raising than their commercial counterparts. Majority of the present provisions for financial support become available to SE's only after they have performed/survived for certain number of years (including the fellowships support from certain national & international foundations like Bhartia, Ashoka & Schwab foundations etc.). Further, by being skeptical about the social business returns, the investors in India are increasingly being found as parsimoniously funding the SEs (Gaurang et al., 2014). Thus, there remains the dearth of the potential investors who are ready to invest in a non-income generating setups (especially in those SE's who work at BoP segment). These investors fail to envision the existence of SEs as entrepreneurial firms & still continue to consider them as pure social businesses.

Although, Government has been offering the start-up incentives & other support services, however their success for social business start-ups needs clarifications. Further, the awareness & accessibility of these start-up incentives for regional/rural social entrepreneurs in India is a major policy challenge to address. Most entrepreneurs start with meager funds with no intellectual property rights, no reputation & new suppliers. Thus, most of nascent entrepreneurs rely on personal savings, friends, family, bank loans & mortgages (Bhide, 2000) & use variety of unconventional strategies to obtain finance. The access to finance continues to remain as a major barrier to new firm formations in majority of developing countries (Lingelbach *et al.*, 2008) &

has been cited as critical by Indian SE's too (Gaurang et al., 2014; Lingelbach *et al.*, 2008; Kumari et. el., 2014; Asian Development Bank report, 2014).

The typical challenges with respect to financing of SE's can be summed up as emerging from:

- Poor start up finance provisions
- Dearth of potential social business investors
- Poor access to the existing financial services
- Lack of legal recognition which excludes them from tax & other incentive breaks as well as indirect tax benefits to its investors.
- Problems of mission drifts in for-profit models of SE's (even though for-profit SEs are comparatively better in attracting the investors, the investor's large revenue expectations makes the SE to drift away from its original social mission).

Thus, in absence of a solid social investment financial framework in India, the SEs face extreme difficulty in availing concrete financial support from formal financial systems. So the SEs engaged in TBL goals have to typically utilize all sources of financing. They have to employ extremely innovative means of financing themselves in such underdeveloped financial markets of developing countries. For instance; bootstrap financing; or the platforms for informal financing by Chinese entrepreneurs (Tsai 2002).

Innovative financing albeit nascent can emerge as a critical tool for identifying new financing avenues for Indian SEs. Although, it will mandate the collaboration between diverse set of actors, however, the enterprise can leverage the energy of networking for engagement of diverse donors (Government & private) who want to create more developmental impacts.

Preposition (P5): Use of innovative financing is an important factor for sustainability of social enterprises.

ii. Triple Bottom Line Planning

The SE's being typically triple bottom line driven enterprises; find high relevance for the use of triple bottom line planning (TBL) conceptualizations. The SE's are voluntarily entities entrusted with the job of creating a wide-scale change at the systematic level (Leviner N *et al.*, 2007). Thus, TBL orientation in SE's is appropriate consideration for assessing as well as directing their vital resources in attaining their social objectives. Further, one of the pertinent rationales for the use of TBL reporting in SE's would be to promote sustainability through elucidating the business externalities as well as reporting to a more democratic group of stakeholders.

SE's in India have been identified as increasingly adopting the "Bottom of the Pyramid approach" (given by Dr. C.K. Prahalad) as a strategy to approach the market with 'small unit packages, high volume, low margin per unit & high return on capital employed'. They do not engage in extensive research or detailed planning. As Bhide (2000) reports, they cannot afford to do so with limited resources, the modest likely profit of most ventures does not merit it, & the high uncertainty limits its value.

The TBL consciousness in their business planning would thus enable the SE's in demonstrating the planning for short & longer term benefits & how the economic benefits will be shared or reinvested with the broader perspective of social objectives.

Preposition (P6): The TBL planning of social enterprise activities has a significant positive influence over sustainability of social enterprise.

iii. Social Enterprise Marketing

Maintaining an appropriate balance between social impact & financial viability is one of the critical aspects of social enterprise management (Boschee, 2006). The existence of the double bottom line approaches makes the marketing decisions more difficult for a SE than it is for either commercial profit or traditional not-for-profit ones. Alternatively, in case of SE's the portfolio decisions of expanding, nurturing, harvesting or killing is taken only after analyzing both the social as well as financial viability of a product/service (ibid). Thus, the marketing of SE's while being innovatively entrepreneurial has to take care of specific dilemmas & factors.

The nexus between 'S-ENT' & 'social marketing' appears to be astonishing to a great number of academicians & practitioners. There is growing number of studies displaying the fruitful outcomes of this nexus (Satar, M S *et al*, 2015; Madill J & Ziegler R, 2012). However, the use of social marketing in the domain of SE's, is still contested globally.

Preposition (P7): *The successful adoption of social marketing elements leads to enhanced social & economic performance of social enterprises.*

iv. Community Engagement

The SE's regardless of their organisational forms & geo-graphical contexts strive to integrate the poor into the market system as producers rather than as consumers (e-g Grameen Bank, Bangladesh). This market integration mechanism would ensure that the poor can be served in a much better way as argued by Karnani (2007). This is suggestive of leading some strategic business investments by partnering with community rather than simply offering money to the social sector.

SE's are principally engaged in delivering services to society. Through work integration mechanisms, the SE's deliver community services by actively engaging the beneficiaries (Teasdale, 201). The involvement in successful income generating activities leads to greater control over the empowerment in communities (Johnson, 2000; Wright, 2003). Thus, besides enabling sharing of benefits, the SE's also lead to the beneficiary empowerments which in turn lead to multifaceted beneficiary engagement. The resultant outcome of such cordial tie-ups is the development of social capital between entrepreneurs & the communities.

Consequently the engagement of local stakeholders & beneficiaries determines the long term success & sustainability of such enterprises. For example: "Lajjit", the unique Indian social entrepreneurial venture illustrates "how women at a grassroots level became active agents in the process of their own empowerment" (Datta P B & Gailey R., 2012).

The social entrepreneur can leverage the pooled energy of such networking associations to scale up the social impacts & also to expand the efforts towards more community empowerment initiatives. & thus would enable the social entrepreneurs to become serial social entrepreneurs. For example; with successful community engagement, Arvind Eye Care, India was able to extend the social entrepreneurial efforts to include education, lens manufacturing R&D etc.

Preposition (P8): *Greater degrees of community engagement leads to greater returns of social enterprise investment.*

v. Human Capital

Human resources attain crucial role in determining the success of commercial entrepreneurial firms (Sahlman, 1996). However, the existence of the double/triple bottom line approaches makes the human resource decisions more difficult for a SE than it is for either commercial profit or traditional not-for-profit ones. In this context, different authors have pointed to the need for the unique types of people joining these organisations (Weerawardena & Mort, 2006; Shariri & Lerner, 2006; Emerson & Twersky, 1996; Austin, Stevenson, & Wei---Skillern, 2006). In light of above, it would not be easy for social enterprise to find people with the suitable

combination of skills & attributes (Emerson & Twersky, 1996; Catford, 1998; Alvord Brown, & Letts, 2004; Asutin, Stevenson, & Wei-Killern, 2006). The rationale for human resource competency emerging as one of the CSF for SE's success lies in the fact that profits doesn't constitute the main motive of the social entrepreneurial activity. Thus, it renders the social entrepreneurs unable to pay competent salaries or other forms of incentives to the employed people (Austin et al., 2006, Wronka M, 2013). While it is difficult for the SE's to retain the talent (Austin et. al., 2006), the lack of profit has to be compensated by the high degrees of motivation (Wronka M, 2013).

Preposition (P9): *Social enterprises that have an existing pool of human resource with unique combination of skills & experience required to operate in a non-profit & commercial context are likely to be successful.*

vi. Organisational Culture

Over the time, there has been substantial growth in the literature showing the positive correlation of organisational culture with organisational performance (Moshe & Lerner, 2006; Wheeler & Thomson, 2003; Reichers & Schneider, 1990; Sorensen, 2002). Further, there have been claims of organisational culture influencing the competitive advantage of firms (Reichers & Schneider, 1990; Saa-Pe're & Garcia-Falcon, 2002).

The literature suggests that 'the difficulties of balancing for-profit & non-profit principles & cultures' serves as the biggest threat to survival of the SE's (Rubin & Stankiewicz, 2001).

Thus, SE's have to take care of some challenging cultural environment which may have ramifications over the type of the people the SE is going to engage with. The organisation must be capable of cherishing a social entrepreneurial culture which can integrate the skills & values of people in line with its social goals.

Preposition (P10): *Social enterprises that have an existing social entrepreneurship culture are more likely to experience social enterprise success.*

vii. Social Impact Evaluation

SE's measure their performance not only in terms of economic progress but also through 'social impact'. Often times, they require the undertaking of some balanced acts through strategic reflection & analysis on the part of managers & stakeholders in attaining sustainable impact. Even, social impact is considered as not only a consequence but also a source of motivation for SE's (Nyssens & Marthe, 2006).

In the pursuit of measuring the S-ENT, one of the greatest challenges identified so far is to find a means of measuring both the levels of social entrepreneurial activity & the impact that S-ENT fetches in terms of macro variables of job-creation, poverty reduction etc. (Harding R, 2004). Even the SE investors are increasingly becoming interested to know the worth of their investment in terms of the social impact the SE creates. The accountability of SE's towards its beneficiaries & other stakeholders in terms of reporting of social impact has doubled in the recent past. In this regard, devising & applying some solid & sound metrics for key construct measurement of social value/social impact will not only address the above frustrating problem of social impact evaluation but will also help in identifying the key areas of SE operation with high social impact.

Thus, the act of social impact evaluation turns to be too critical for enabling the SE's to gauge their success at different stage of growth & survival as well as to ensure greater degrees of transparency & accountability towards their funders & other stakeholders.

Preposition (P11): *Implementation of more social impact assessment measures is positively related to growth in social impacts of social enterprises.*

viii. Frugal Innovation

SE's have been projected as almost always using the innovative methods & S-ENT as a pursuit of social problem solving will be one of the most important sources of innovation in the future (Leadbetter, 1997). As Bornstein, 2004 puts it as follows "social entrepreneurs have to reach far more people with far less money, so they have to be especially innovative to advance solutions at scale". Thus, the key issue that would affect the dynamic functioning of the SE's in achieving their social & economic objectives will emerge mainly from their 'innovation challenges'.

The SE literature has commonly emphasized the innovation as an intertwined tenet of SE's (Dees, 2001; Bornstein, 2004; Vega & Kidwell, 2007). This is particularly true because SE's have been recognised as continuously innovating during different stages of growth & scale up. Nonetheless, the use of innovation in the context of SE's tends to be more of social innovation rather than through technological innovation in products or services (Peattie K & Morley A, 2010). Keeping in consideration the nascent stage of SE sector as well as the intricacy of pursuing the dual objectives by SE's, many of the challenges the social entrepreneurs face are innovation challenges. Thus, innovation is a massive area of intervention & could include the challenge of creating the new product/service (*creative destruction*), product demand or even assessing the markets or other inputs. The lack of resources may prompt the SE to be meagrely innovative.

The use of narrower set of organisational arrangements by Indian SE's as well as the existence of diverse culture specific dimensions of SE operation mandates the Indian SE's to be majorly innovative at scale. Even, they face the challenges from the internal sources of human resource & management efficiency issues. Although, the use of business & market driven entrepreneurial approaches would enable the these SE's in competing within the market, however, this can be a potential challenge for SE's possessing relatively inexperienced & under-resourced marketing and R&D vision. Thus, their success is likely determined by their capability of being innovative in every phase of SE growth & survival.

Preposition (P12): *The continued innovation in social enterprise processes has a positive link with the long term survival of the social enterprise.*

C. Institutional factors

i. Government Support

Keeping in consideration the resource constrained environments of SE's; the Government support finds an immense importance in accessing & mobilizing the resources from different sources.

S.E's cannot operate in isolation. They depend on different kinds of support actors like entrepreneurs, civil society, academicians, state actors, funders or incubators etc. for their establishment & subsequent management. SE's require different kinds of support depending on their core activity, the stage of development as well as their internal capacities.

For instance; in absence of a legal framework in India, SE's may find it hard to get their dual (social & economic activities) recognized or may be subjected to inappropriate legal & regulatory frameworks. The range of regulatory challenges that restrict different players in the social enterprise ecosystem may include for e-g; the lack of legal structure, equity investment

regulations, restrictions on blended capital & restrictive laws on foreign capital flow etc. (GIZ, 2012).

Financial support has been identified as the major hurdle, the Indian SE's face in the way of their progress (Allen et al. 2012). Here, the Government can play an important role by supplying the "impactful" capital or by encouraging the investment by those interested in SE returns. A recent innovative move of 'Securities & Exchange Board of India in floating a national policy for separately recognizing & regulating the "Social Venture Funds" within India. Such policy interventions are hopeful to greatly impact the SE development within the nation.

An enabling Government can thus play a vital role in providing multi aspect assistance to different kinds of SE's, operating across different sectors & at different stages of SE business life. Thus, as a broad based enabler, the Government's role in promoting the development of SE's in India cannot be overlooked. Meanwhile, in case of India specifically, a 'well-defined minimum role' for the Government seems to be most relevant. The rationale for the minimized role could be to ensure that the influence of the free market & individual self-interest can be fully realized.

Preposition (P13): Government assistance policy will positively moderate the relationship between social entrepreneurship & social enterprise success.

Conceptual model

INSERT FIGURE 2 HERE

Conclusion and future research

In recent years, S-ENT has become a global marvel impacting societies through its innovative social problem solving approaches. The renewed significance of SE's in carrying out the daunting tasks of S-ENT is being acknowledged worldwide. However, the strategic management of such enterprises poses distinct & substantial challenges & very few studies have attempted to examine the strategic aspects of such ventures.

The present research was undertaken in consideration of the assumed potential of SE's in contributing to social, economic & environmental regeneration as well as the need & importance of leading pertinent researches in SE context. The chief contribution of this paper is the conceptual model integrating different CSF's of social enterprise management & operation. Specifically, we clarify a definition of SE that can guide the sample selection for future research analysis. Second, the paper identifies & discusses the factors that determine the success of SE's at the individual & organizational level. We also discussed the moderating effects or the role of Government at the institutional level as a broad based enabler of SE's.

The findings of the paper can be of great concern from managerial point of view as it identifies & analyses various factors that play a vital role in determining the success of SE's. It is also holding immense importance with respect to the S-ENT practitioners, as they can take strategic decision of the enterprises based upon the knowledge of these factors. Since practitioners are well aware of the role of the CSF's in determining the success of SE's, they can thus target the more social development sectors through creating the sustainable ventures by ensuring the outperformance in these factors. In a way, the practitioners or the leaders can ensure the competitive advantage of their ventures by ensuring the proper knowledge, performance & follow up of these CSF's.

Further, the paper attempted to understand the relevance of applying the conventional entrepreneurship strategies like marketing, strategic planning etc. to SE's as unit of analysis. While doing that, the study stimulates new areas for intriguing academic curiosity & discussion. Here, we have developed various testable prepositions intended to highlight relationship between different factors & SE success.

The researchers can advance the present study by designing & validating questionnaires/ research instruments that quantifies the relation between these variables & SE's social & economic performance. The study is hopeful to attract scholarly attention in further exploring & testing these prepositions in different social settings as well. Moreover, researchers can extend our conceptual model by identifying & introducing new variables of SE success. In this way, the CSF's of SE's or the factors under which SE's are reeling will be brought to light, thus promoting SE development.

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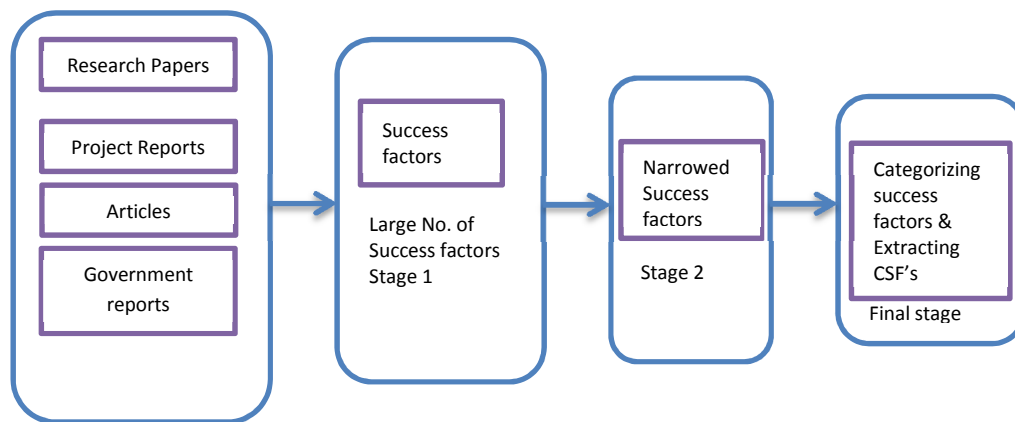


Fig 1: CSF's extraction process

Conceptual Model

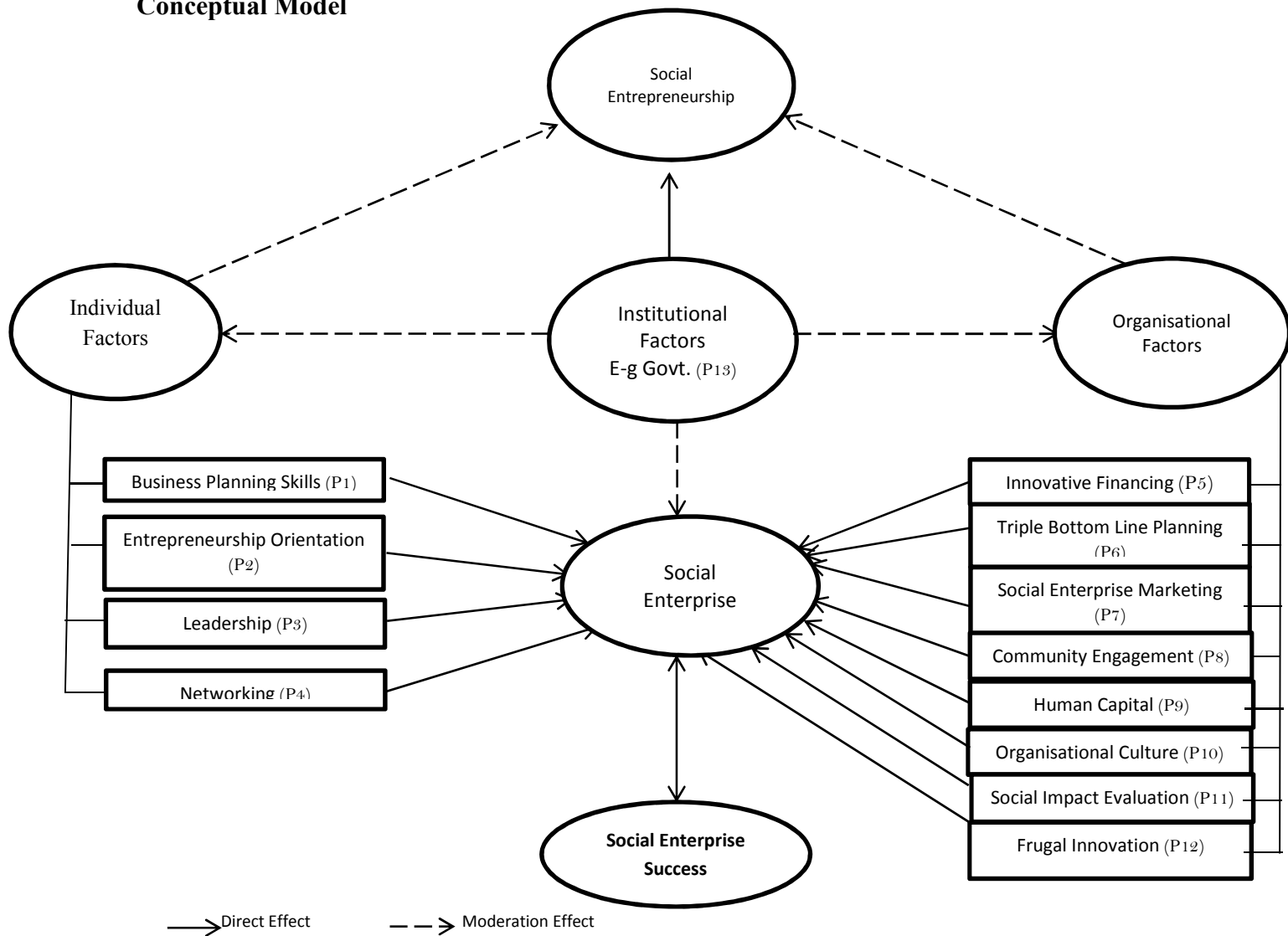


Figure (2) Conceptual Model
(Source: Author's own creation)

Table 1: Identified Success Factors

Sl. No	Factor	Source/ Publication	Sl. No.	Factor	Source/ Publication	Sl. No	Factor	Source/ Publication
1	Funding	{4} {5} {37} {93}	14	Strong Leadership	{14} {26} {27} {7}	27	Innovation	{30} {31} {32} {34} {33}
2	Social capital	{1} {2} {3} {10} {11}	15	Mission consistency	{93} {94}	28	Risk taking	{33} {38}
3	Stakeholder collaboration	{6} {7} {11}	16	Managerial competency	{15} {91}	29	Pro-activeness	{14} {33} {34}
4	Resourcefulness of social entrepreneur	--	17	S-ENT Promotion	{16} {28} {18}	30	Social value creation orientation	{14} {22}
5	Social impact evaluation	{9} {17}	18	Negotiation skills	{14} {16} {21}	31	Knowledge of social entrepreneur	{14}
6	Business values pursued	{23} {24}	19	Legal status/ recognition	{16} {18} {19} {20}	32	Education/Experience of social entrepreneur	{14} {92}
7	Marketing skills	{12} {21} {91}	20	Familiarity with Technology	{95} {96} {97}	33	Effective communication & feedback	
8	Retaining of key SE staff	{16}	21	Sustainability planning	{25} {16}	34	Access to funding	{4}
9	Motivation	{13}	22	Local capacity building	{16}	35	Organisational culture	{98} {99} {100} {101} {102} {103}
10	Passion for solving social issues	{21}	23	Social Marketing strategies	{12} {15}	36	S-ENT Opportunity identification & exploitation	{13} {45}
11	Entrepreneurial traits of social entrepreneurs	{16} {38} {39}	24	Marketing channels management	{12} {15}	37	Beneficiary engagement	{16}
12	Competent Staff for dual objectives	{16}	25	Accountability & records keeping	{16}	38	Networking/coalition building for resource scarcity	{40} {41} {42} {43} {46}
13	S-ENT Culture	{16} {18} {31}	26	Learning Aptitude				

Table 2: Framework for CSF's of SE's

Category	Dimension	Sub factors
Individual	Business Planning Skills	Knowledge/Education
		Experience
		Learning Aptitude
	Entrepreneurship Orientation	Risk taking
		Pro-activeness
		Social value creation
		Opportunity
		Motivation
	Leadership	Social problem solving passion
		Personality
		Role modeling
		Managerial Traits
		Democratic style
		Mission consistency
	Networking	Resourcefulness
		Social capital
		Negotiation
		Experience
		Stakeholder collaboration
Organisational	Innovative Financing	Financial Access
		Working Capital management
		Social business investment structure
	Triple Bottom Line Planning	Sustainability
		Social impact
		Business values
	Social Enterprise Marketing	Marketing skills
		Social Marketing strategies
		Marketing channels Management
	Community Engagement	Stakeholder democracy
		Local capacity building
		Beneficiary engagement
	Human Capital	Passion for solving Social problem
		S-ENT Competency of staff
		Recruitment of S-ENT competent
	Organisational Culture	Retaining of competitive staff
		Organisational Values
		Social mission
	Social Impact Evaluation	Continued Employee dedication
		Accountability appraisals
		Improved Access to Funding
		Effective communication & feedback
Institutional	Government Support	Performance evaluation
		Mission drift
		Familiarity with Technology
		Product/service innovation
		Culture
		Legal status
		S-ENT Promotion
		Funding