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17BIT0063

**ENTREPRENEURSHIP
DEVELOPMENT
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Topic: Entrepreneurship in India

Literature Survey:

Title: Innovation and entrepreneurship in India: Understanding jugaad

Authors: Jaideep Prabhu and Sanjay Jain

Journal: Springer Science+Business Media New York 2015

Published in: 2015

Aim: In this paper, the author used the term jugaad to describe the frugal, flexible, and inclusive approach to innovation and entrepreneurship emerging from India. The authors identify different types of organizations that engage in jugaad and elucidate their abilities, or lack thereof, to undertake such innovation. At last the author incorporate the notion of jugaad within current theorizing on innovation and entrepreneurship and outline an agenda for future research on this topic.

Approach:

This paper tells us about the innovation which can help us in building a successful business model. In 20th century the strong economies of North America, Western Europe used to preserve the innovation but from 21st century the major economies of the world started implementing the innovation in their business models and they observed an amazing result in their profit. The Indian innovators frequently develop solutions for communities that have traditionally been underserved. Consider the case of Mansukh Bhai Prajapati, a grassroots innovator from a village in Gujarat who developed the Mitti Cool clay refrigerator. This appliance is made of clay, except the glass door and a plastic faucet at the bottom. It costs around \$50, consumes no electricity, is 100 % biodegradable, and produces zero waste over its lifetime. The Mitti Cool is targeted at the hundreds of millions of rural Indians who would like a refrigerator but cannot afford one or do not have access to a reliable supply of electricity to run one. A similar approach to innovation has yielded the Swachh, a low-end water filter that does not require electricity and utilizes waste (such as rice husks) that is widely available. Again, it is possible that Indian innovations are inclusive in response to operating in an environment in

which large numbers of people live outside the formal economy and have limited access to the services and infrastructure that is taken for granted in more developed economies. Jugaad is an approach to innovation and entrepreneurship can be viewed as involving a constant improvisation. In this paper the authors have illustrated processes akin to jugaad that are unfolding across the globe. The authors also studied the strengths and weaknesses that different actors possess in performing such activity. The authors have demonstrated that jugaad needs to be viewed a holistic concept, one that encompasses innovations in the product, business model, and organizational domains. By doing so it can be provided that an enhanced understanding of the practice of jugaad, one that can provide guidance to organizations intending to emulate this form of innovation. The authors also states the considerable promise in the crafting of hybrid forms of innovation that combine elements of jugaad and more systematic approaches. The basic study contributes to the policy discourse by highlighting the value that a sociological and anthropological lens can bring to addressing the vexing but not intractable problem of developing products and services for communities which are not served around the world.

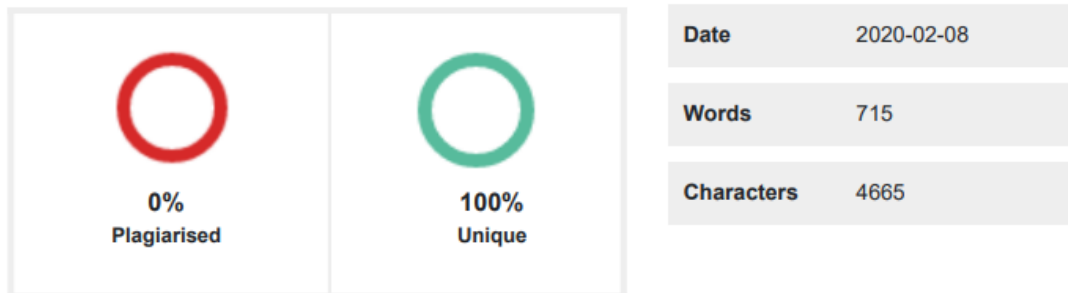
Results:

This paper has sketched out a wide-ranging agenda for research on jugaad regarding frugal innovation. The authors view this as a start for carrying out deeper investigations into a concept whose significance within the domain of innovation & entrepreneurship is likely to grow in importance. The analysis of this paper also shows that how such activity gets done in the developing world, understanding the mechanisms and practices that undergo jugaad and documentation of both the similarities and differences on this activity is performed across these contexts will be crucial. This requires field-based studies that carefully document the mindsets invoked, actions performed as well as the processes that unfold, that collectively constitute a jugaad solution. More significantly, it will contribute to the development of a more socio-culturally informed theory of entrepreneurship. Simply putting firms, consumers, and governments in both developing and developed countries stand to benefit from practicing, applying, and supporting flexible and inclusive jugaad innovation.

Alternate Methods: As we know that Entrepreneurship is not a simple business that can be run by simple steps. Entrepreneurship requires innovation and we can state that innovation as JUGAAD in hindi. According to me, there might not be any alternative approach to JUGAAD. In this paper, the author also discussed about many social startups which are delivering very low-cost high-performance products. This criterion can only be fulfilled with the help of innovative approach.



PLAGIARISM SCAN REPORT



Content Checked For Plagiarism

Title: The critical success factors of social entrepreneurship in India: an empirical study

Authors: Mir Shahid Satar, Shibu John

Published in: 2019

Journal: International Journal of Entrepreneurship and Small Business

Aim:

The paper describes the social entrepreneurship critical success factors observed from a survey study carried out in India. The ranking analysis of the survey results shows that 28 factors are rated as critical for determining the social entrepreneurship success of a social enterprise. The factor identified can be grouped into seven clusters, namely leadership, social enterprise planning, community engagement, innovative financing, human capital, legal support, and social enterprise marketing.

Approach:

Although all the select success factors have an impact to a varying degree on the social entrepreneurship success. There is a difference in terms of the importance among the individual factors. The survey was conducted based on the rationale as mentioned in the preceding section of this document entitled 'Procedures for Identifying the CSFs'. As such, while examining the associated survey tools, a questionnaire survey was given utmost consideration for the present study. The questionnaire contained close-ended questions with multiple options. In case of certain questions, the participants were given the choices to describe their opinions or reasons in order to capture the true essence of their experience on CSFs. The questionnaire comprised of three sections: The first section briefly outlines the introduction of the survey and thereby aims to collect the general demographic information. A screening question was also presented in this section to observe the possibility of any unwanted type of organization. Section 'B' carried questions and statements for the respondents to evaluate all the individual factors in terms of their importance in determining the social entrepreneurship success and section 'C' was meant to obtain the typical feedback and suggestions about the theme of the research. The responses were recorded on a five-point scale with the rating as: 5- extremely important, 4- important, 3- neutral, 2- unimportant and 1- negligible.

Results:

<i>Ranking</i>		<i>Factors</i>	<i>Total score</i>	<i>Mean</i>	<i>Standard deviation</i>
1	F14	Clear social entrepreneurship vision	740	4.51	0.53
2	F36	Access to finance	737	4.49	0.51
3	F39	Enabling government policy at state and local levels	731	4.45	0.54
4	F1	Trust building	729	4.44	0.58
5	F40	Business planning skills in key individuals of social enterprise	729	4.44	0.61
6	F7	Strong dedication to social mission	726	4.42	0.66
7	F25	Triple bottom line planning	724	4.41	0.66
8	F20	Risk taking propensity of the entrepreneur	724	4.41	0.70
9	F6	Unconventional financing	718	4.37	0.55
10	F30	Scale innovation at the bottom of pyramid	718	4.37	0.74
11	F24	Beneficiary engagement of local communities	718	4.37	0.80
12	F41	Innovative design and delivery of products/services	707	4.31	0.86
13	F2	Social capital	702	4.28	0.59
14	F16	Choice of legal structure	696	4.24	0.63
15	F42	Innovativeness of the entrepreneur	691	4.21	0.71
16	F5	Social impact evaluation	674	4.10	0.56
17	F19	Motivation of employed people	674	4.10	0.64
18	F26	Democratic stakeholder base	674	4.10	0.68
19	F43	Inter-organisational coordination	672	4.09	0.70
20	F13	Competent staff	671	4.09	0.74
21	F15	Social entrepreneurship ecosystem	662	4.03	0.55
22	F3	Social business values	662	4.03	0.66
23	F9:	Human resource retention	662	4.03	0.82
24	F17	Social marketing strategies	662	4.03	0.88
25	F8	Marketing knowledge and skills	661	4.03	0.89
26	F10	Mission consistency	660	4.02	0.51
27	F23	IT application	659	4.01	0.55
28	F26	Accountability and records keeping	656	4.00	0.72

As per the results derived from the relative ranking of all the factors, the Social Entrepreneurship stakeholders ought to provide utmost priority and sufficient resources to the most important CSFs. The knowledge of management performance and follow up of these CSFs would provide a vehicle for guiding social entrepreneurship practitioners in utilizing their competitive resources more efficiently and thereby improve the competitive advantage of their ventures.

The resultant analysis produced a reduced data set of seven clusters/factors containing 24 items. For further interpretation, each factor/cluster will be given a nomenclature and can be called as crucial critical success factors. The seven factors are:

1. Cluster 1: leadership
2. Cluster 2: social enterprise planning
3. Cluster 3: community engagement
4. Cluster 4: innovative financing
5. Cluster 5: human capital
6. Cluster 6: legal support
7. Cluster 7: social enterprise marketing

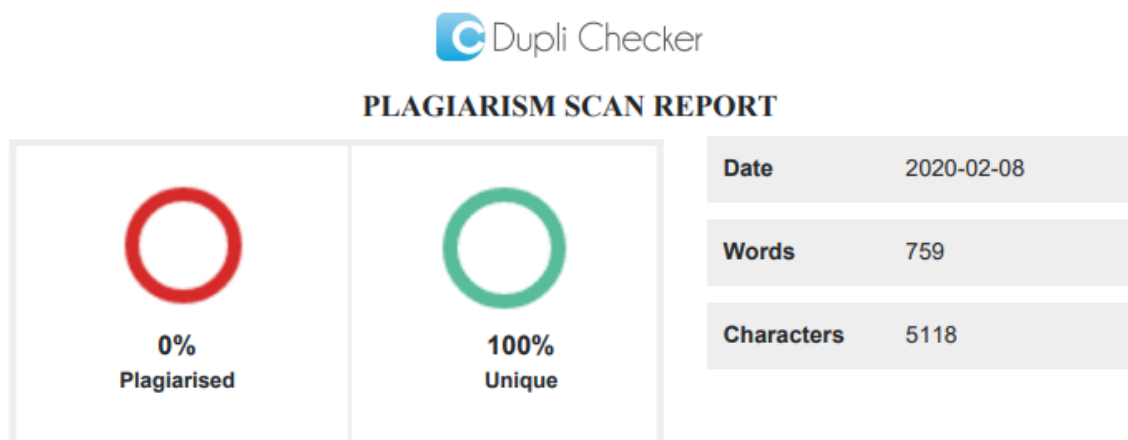
The rising growth and importance of social entrepreneurship sector, which is characterized by intricate and fascinating process of social entrepreneurship, offers huge potential and abundant opportunity to practitioners that motivates them to search for information on how social entrepreneurs are exposed to and influenced by different factors in their growth and ensuing scale up of social impact so that they may effectively get through the various dilemmas and complexities of social entrepreneurship process in a more professional and business oriented way. The success in social entrepreneurship venturing is determined by a large number of factors. It is extremely challenging to satisfy all the factors simultaneously as social entrepreneurship practitioners face issues in terms of time, money, manpower, internal capacities and management efficiency. Therefore, identifying a list of factors is valuable for enabling the practitioners to be more focused in order to achieving objectives and at the same time work efficiently in a resource constrained environment.

Alternate Methods:

The alternative method for the study of critical success factor of social entrepreneurship in India can be with the help of Artificial Intelligence. In this research, it has been observed that several sets of questions have been asked and depending upon the answers the results carried out. But this whole process can be automated with the help of Artificial Intelligence and Machine Learning. We can design an algorithm which contains the information of the social handles and LinkedIn handles of all the entrepreneurs. Also, we need to store the regular statistics of their company's revenue, profit-margin. From these we can map that the successful companies are owned by which category of people.

The study failed to cover each and every sector's responses which results in disproportional representation of the study outcomes. This study should be very specialized not be very generalized. This issue should be addressed in my alternate methodology.

In carrying out of this study, managers should also be considered for calculating the success factors of the social enterprise.



Title: Major Challenges and Problems of Rural Entrepreneurship in India

Author: Jayadatta S

Journal: IOSR Journal of Business and Management

Publication Year: 2017

Aim:

The paper studies the challenges that people faces in rural areas at the time of starting an enterprise. Due to lack of opportunities in rural areas the people move to semi-urban or urban areas. All these issues will be studied in this research.

Approach:

Rural Entrepreneurship means to entrepreneurship in rural areas. It is quite difficult to be an entrepreneur in rural areas because of lack of resources. But at the same time, it is quite easy to start an enterprise in rural areas. It is because of low starting cost and lack of competition. Also, if people start liking the product or service then there is a great scope of expansion in target audience because of mouth publicity.

The entrepreneur needs to be aware of all the government funding policies for startups. The dynamic international setting raises several questions about the power of ancient, tiny scale businesses in rural areas to share the potential advantages that is obtainable by the dynamic setting. The rapid increment that is let alone even quicker urbanization, creates increasing demands. In India semi urban and concrete populations normally grow concerning double as quick because the overall total population and by 2020 they will exceed the scale of rural populations. Such a serious demographic trend challenges the capacities of some ancient tiny scale businesses to cope up with the increasing demands and supply.

Entrepreneurship in rural areas helps in boosting the economic development. The reason for this might be:

1. The new entrepreneurs providing the job opportunities to the people who use to shift to urban areas in search of job.
2. If the enterprise becomes renowned then the overall development of that place will also take place.
3. There will also be increase in per capita income.
4. As the business will grow, the government will also be benefitted in form of tax.

Problems faced by entrepreneurs in rural areas:

1. Social Factors
2. Technological factors
3. Infrastructure factors
4. Legal Formalities

Results:

Rural entrepreneurship plays a major role in economic progress of India. The entrepreneurs play a vital role in converting developing nation into developed country. Financial policy of a country should enable entrepreneurs to provide magical touch to an organization irrespective of public, private or joint sector in achieving innovativeness, speed and also strong sense of self determination. According to this research it is stated that poverty can be removed with the help of rural entrepreneurship. Therefore, the government should stress more on integrated rural development programs. Majority of the rural youths did not think of entrepreneurship as a career option. For solving this query government should come up with training programs which may teach the youths the basics of entrepreneurship.

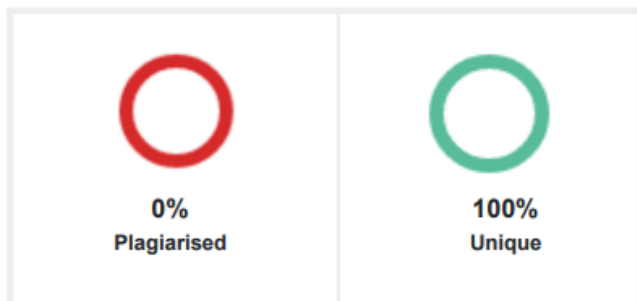
Alternate Methodology:

As the research paper is published was published in 2017 and now it's 2020. In this era, we cannot treat technology as a major problem through our nation. In today's era, Internet is available at very low cost. Because of this the hardware cost of the system running the business may reduce. The entrepreneur does not require high end hardware to compile huge amount of data. It can easily be done on cloud platforms available. Previously, if someone wants to establish a company then Data Centre used to be very useful but not a remote facility for storing a data can be hired and the data can be accessed online.

In today's time, the entrepreneur just needs an idea and it can be implemented with really low cost irrespective of the area.



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Papers

Innovation and entrepreneurship in India: Understanding *jugaad*

Jaideep Prabhu¹ · Sanjay Jain²

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Abstract In this paper, we use the term *jugaad* to describe the frugal, flexible, and inclusive approach to innovation and entrepreneurship emerging from India. We articulate why this method is appropriate within the Indian context and highlight similarities between *jugaad* and related types of innovation originating from other emerging (and developed) economies. Next, we identify different types of organizations that engage in *jugaad* and elucidate their abilities, or lack thereof, to undertake such innovation. Finally, we incorporate the notion of *jugaad* within current theorizing on innovation and entrepreneurship and outline an agenda for future research on this topic. Overall, we provide insights on a mode of innovating that is increasingly prevalent in India as well as certain economies around the world and take steps towards integrating this concept into the mainstream theory, practice, and policy discourses around innovation and entrepreneurship.

Keywords *Jugaad* · Innovation · Entrepreneurship · India · Emerging economies · Growth

For much of the 20th century, innovation was largely the preserve of the more advanced economies of North America, Western Europe, and Japan (McCloskey, 2010; Mokyr, 2002). Governments and corporations in these economies gradually developed a structured approach to innovation that involved large research budgets and highly qualified technical personnel executing detailed plans over long time horizons (Ahlstrom, 2014; Lerner, 2009). When corporations took up the mantle of innovation

Both authors contributed equally to the crafting of this article and are listed in reverse alphabetical order (based on a coin toss).

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again from governments in the postwar years of the 20th century, their innovation approach was typically one that focused more on delivering more benefits at a higher cost to a relatively small number of people (Prahalad, 2012). Specifically, firms sought to plow large sums into research and development (R&D) in an attempt to push the technology frontier and incorporate those technologies into products that would be sold at premium prices to recover costs. Products were often targeted (at least initially) to a small niche of the most technology savvy and/or affluent consumers and organizations in the more developed economies, though the benefits would later accrue to a wider population through further innovation (Nordhaus, 1997).

In the 21st century, however, several things have again started to change in terms of where, how, and by whom innovation is done. More and more innovation is conducted by the large emerging economies of China, India, and Brazil (Ramani & Szirmai, 2014; Tellis, Prabhu, Chandy, & Eisengerich, 2013). Moreover, a significant amount of the innovation in these countries can be more appropriately characterized as being frugal, flexible, and inclusive (Radjou & Prabhu, 2015; Radjou, Prabhu, & Ahuja, 2012). That is, innovators in these contexts are making ingenious use of existing resources and technologies, employing a mindset that combines improvisation with pragmatism and developing solutions for communities that have traditionally been underserved (Ahlstrom, 2010). Finally, social ventures and individuals are increasingly as much a part of the innovation process as are large firms (Prahalad, 2012).

This article examines the nature of this shift within the context of the innovation and, relatedly, entrepreneurship, that is unfolding in India. First, using the Hindi term *jugaad* (pronounced ju-gaar) to describe this form of activity, we will elaborate on its key characteristics and elucidate why this approach is important within the Indian context. We will also explore the similarities between *jugaad* and innovation activity taking place in other emerging economies as well as in more advanced countries. Second, this paper will look at the types of organizations doing *jugaad* in India—this includes social ventures, large Indian firms, multinationals, and the government. We discuss the pros and cons of organization type in relation to their engaging in *jugaad*; while social ventures have the motivation and the commitment to do *jugaad* but often find themselves unable to scale their solutions, MNCs have diametrically opposite incentives and capabilities.

Third, we outline a research agenda of the many interesting but yet unanswered questions concerning this concept as well as situate it within current innovation and entrepreneurship theory. In particular, we draw pertinent linkages between *jugaad* and the literatures on creativity (Amabile, 1996), effectuation (Sarasvathy, 2001) bricolage (Baker & Nelson, 2005; Garud & Karnoe, 2003; Levi-Strauss 1966), improvisation (Miner, Bassof, & Moorman, 2001), disruptive innovation (Christensen, 1997) and the sociology of markets (Fligstein, 2001). In doing so, we attempt to forge a more systematic approach to the study of *jugaad*—one that we believe is deeply warranted, given the relevance of this form of innovation in contemporary strategic landscapes.

This paper makes contributions in three key domains: In articulating a specific definition of *jugaad*, locating this idea within contemporary literature and providing a trajectory for research on this phenomenon, we take key steps toward fostering theory

building around this concept. From a practice standpoint, we highlight the strengths and weaknesses that different organizations possess in performing such activity and we demonstrate the multi-faceted nature of *jugaad*, one that encompasses the product, process, business model, and organizational domains. Finally, our study proposes more serious consideration of such grounded and context-friendly approaches to innovation and entrepreneurship by policymakers, ones that complement the top-down methods that have typically dominated conversations in this domain. Overall, we provide insight on a mode of activity that is increasingly prevalent in economies around the world and take steps towards integrating what has hitherto been largely an empirical descriptor into the mainstream theory, practice, and policy discourses on innovation and entrepreneurship.

***Jugaad*: The Indian approach to innovation and entrepreneurship**

It is increasingly clear that much of the innovation coming from India differs from the traditional structured approach to innovation in at least three ways (see Table 1). First, Indian innovators (and their innovations) tend to be highly frugal (Prahalad, 2012; Radjou et al., 2012). They are proficient at taking cost out of the entire innovation process, from the generation of ideas, to the development of products and services, to their commercialization. They are also adept at getting more from less by making ingenious use of existing resources and technologies rather than pushing the technology frontier per se. For example, Indian mobile phone service providers such as Bharti Airtel have been credited with the ability to develop a highly frugal business model

Table 1 Specifying *jugaad*: Frugal, flexible and inclusive elements

<i>Jugaad</i> innovation	Frugal	Flexible	Inclusive
MittiCool clay refrigerator	Uses widely available materials like clay and water; highly affordable	The inventor and founder improvised many technical as well as business solutions to bring his idea to life	Aims to provide a fridge for those who would like to own one but cannot afford them
SELCO's solar lighting solution	Rents solar charged batteries on a daily basis so it is as affordable as buying kerosene	Uses a network of "local entrepreneurs" who enable customers to rent locally when they have spare cash	Aims to provide clean energy for off-grid users who otherwise rely on kerosene
GE's Mac 400 ECG machine	Device is itself affordable; but the per scan cost is also low	Portable and robust enough to enable doctors to carry them to rural clinics from cities	A machine specially built for rural Indian clinics who would otherwise not benefit from such technology
Tata Motor's Nano car	Affordable (\$2,500) yet aspirational car	Had to improvise a lot around product development, manufacturing and distribution of the car	Designed for Indians looking to upgrade from two wheelers

rather than build sophisticated network equipment with expertise they did not possess or with capital they did not have access to. Instead, they were able to leverage the technology and expertise of firms such as Nokia-Erikson and IBM and deployed a business model that obviated the need to spend prior to earning (Pralhad & Mashelkar, 2010). Likewise, the Indian Space Research Organization (ISRO) has established a strong track record in terms of the success of its missions, most of which have been completed at a fraction of the costs of its Western counterparts NASA and the European Space Agency (Chandrashekar, 2011; Tiwari & Herstatt, 2012). It is possible that this ability to be frugal is a functional adaptation to the resource scarcity (Porter, 1990) that Indian organizations face across the board, from the scarcity of capital, technology, land, infrastructure, and skilled labor.

Second, in contrast to the highly planned approach of big R&D organizations in the West, Indian innovators are typically flexible in their approach to innovation. Indian innovation, rather than being planned and sequential, is frequently of an improvised nature, carried out by groups and networks that combine technical and market expertise. Such groups are able to explore many different options in sequence or in parallel, and are not uncomfortable handling scenarios fraught with ambiguity (Sarvasvathy, 2001). An example is Tata Motor's approach to developing the Nano car, and in particular, its response to uncertainties regarding the use of land in West Bengal to house a factory and the last minute decision to pull out and locate its plant halfway across the country in India's western state of Gujarat. A further example of this flexibility is the firm's initial decision to go with a totally knocked down kit model that would involve distributed franchised local entrepreneurs doing assembly and dealership before the firm switched back to a more conventional distribution and delivery model when faced with time constraints. It is likely that this flexibility of Indian innovators is a response to the uncertainty and volatility that they constantly face in their capricious business environment (Jain & Sharma, 2013).

Finally, Indian innovators tend to be inclusive in their approach to innovation. Specifically, they frequently develop solutions for communities that have traditionally been underserved (George, Nicholson, & Corbishley, 2015). Consider the case of Mansukhbhai Prajapati, a grassroots innovator from a village in Gujarat who developed the MittiCool clay refrigerator. This appliance is made entirely of clay, except for a glass door and a plastic faucet at the bottom. It costs around \$50, consumes no electricity, is 100 % biodegradable, and produces zero waste over its lifetime (Radjou et al., 2012). The MittiCool is targeted at the hundreds of millions of rural Indians who would like a refrigerator but cannot afford one or do not have access to a reliable supply of electricity to run one. A similar approach to innovation has yielded the Swachh, a low-end water filter that does not require electricity and utilizes waste (such as rice husks) that is widely available (Ahlstrom, 2010). Again it is possible that Indian innovations are inclusive in response to operating in an environment in which large numbers of people live outside the formal economy and have limited access to the products, services, and infrastructure that is taken for granted in more advanced economies.

This paper characterizes this frugal, flexible, and inclusive approach to innovation and entrepreneurship as constituting *jugaad*. Originally referenced to describe hybrid vehicles that farmers in Punjab were known to cobble together from sundry parts (water pumps for engines, bullock cart bodies for chassis, and the like), and colloquially used by the Indian populace when they describe initiatives aimed at "making things

happen,” the term *jugaad* has increasingly come to denote the creative improvisation (Krishnan, 2010; Sekhsaria, 2013; Varma, 2004) associated with innovation and entrepreneurship activity observed in these contexts. More formally, following Radjou et al. (2012), we define *jugaad* as “the art of overcoming harsh constraints by improvising an effective solution using limited resources.” In this paper, we refine this formalization to both broaden and deepen the theoretical specification of this concept.

The phenomenon that we term *jugaad* in this paper is similar to indigenous concepts in other countries such as *gambiarra* or *jeitinho* in Brazil, *kanju* in parts of Africa, *jua kali* in Kenya, *jiejian chuangxin* in China, DIY (do-it-yourself) in the United States, and *Système D* in France. Moreover, it has a growing number of parallels within innovation research covering innovation in emerging economies (Brem & Wolfram, 2014). These include frugal innovation (Bhatti, Khilji, & Basu, 2013; Radjou & Prabhu, 2015), frugal engineering (Kumar & Puranam, 2012 by way of Carlos Ghosn of Nissan), Gandhian innovation (Prahalad & Mashelkar, 2010), inclusive innovation (George, McGahan, & Prabhu, 2012) and reverse innovation (Govindarajan & Trimble, 2013). Besides, researchers have begun documenting equivalent approaches to strategy among firms operating in various emerging economies (Guillen & Garcia-Canal, 2012; Zeng & Williamson, 2007). While there are differences in nuance and emphasis among these conceptualizations, we maintain that it is the similarities in the environments and contexts described and behaviors observed across them that are particularly striking. We also believe that the time has come to distil and integrate the essential elements from these convergent ideas in order to move beyond rich description and develop more cumulative and robust theorizing of this phenomenon. This paper represents our effort at moving the conversation along this trajectory.

Why *jugaad* is important in the Indian context

Despite over two decades of growth, the Indian economy continues to face significant structural shortcomings as well as legacy institutions that are hampered by bureaucracy (George et al., 2015; Nair, Ahlstrom, & Filer, 2007). Large numbers of people remain outside the formal economy and have benefitted little from globalization. Upwards of 40 % of Indians are unbanked, live beyond the reach of the electricity grid, and do not benefit from good education and health services. These people lack access to cheap credit, savings solutions or insurance, expend large amounts of money or time in securing unhealthy heating, cooking, and lighting fuels such as kerosene or wood, and suffer from illiteracy and poor health (Drèze & Sen, 2013). Attempts by the government, aid agencies, and NGOs to bring these large numbers into the formal economy have met with limited success (Alvarez, Barney, & Newman, 2015).

One of the key reasons for this failure is the cost associated with bridging the so-called “last mile” problem. For instance, while it may be economically viable to extend the electricity grid to a small town, taking the grid to every village in the vicinity of the town is not. The same holds true of government efforts through state-owned banks to make financial products available to rural Indians. India has 600,000 villages. To set up a physical branch in every one of these would quite literally break the bank. A similar challenge exists in the provision of healthcare, which is challenging (though not impossible) to deliver to the villages (George et al., 2015).

Challenges aside, the need to develop products and services that appropriately serve the urban and rural poor in India remains a priority. There are many reasons for this. For one, these communities constitute a large segment of humanity. While the “consuming class” in India accounts for about 200 million in all, those in the next rung of the population—of whom we refer to as aspirants—account for another 600 million. Moreover, this latter group continues to grow as more Indians move up the socioeconomic ladder. It is quite likely that by 2020 there will be about 500 million Indians earning between \$5000 and \$10,000 per annum (in PPP [purchasing power parity] terms), and nearly the rest of the country—another 600 million—earning between \$2500 and \$5000 per annum PPP. Given that the “consuming class” has been the target of multinational and large domestic firms for at least two decades now, this segment is getting saturated and competition for its customers is significant.

By contrast, the aspirants—who are denizens of slums in Indian metros as well as citizens of the smaller tier two and three towns, and the countryside—have rarely been on the radar of these organizations, in large part for the reasons identified earlier (Pralhalad, 2009). These communities have aspirations and purchasing power, which, although low at the individual level, are significant in the aggregate. Providing these groups with basic goods and services can have a significant impact on their lives, enabling them to augment their income earning capacity and broaden the opportunities available to them (Alvarez et al., 2015; Bruton, Ahlstrom, & Si, 2015; George et al., 2015; Sen, 1999). Addressing the needs of these people in a relevant manner—despite the considerable obstacles involved—represents one of the most pressing business and societal challenges of our time. This, in turn, has necessitated the ongoing development and honing of innovation mindsets and practices that can adequately address the unique issues that these conditions pose (Pralhalad, 2012; Radjou et al., 2012).

Along these lines, the private sector, social ventures, the government as well as members of these communities have recently begun to address this problem through the use of local and cheap technologies combined with clever organizational and logistical arrangements. In doing so, they have unleashed a variety of creative, ingenious, and non-conventional solutions that often possess the three hallmarks of the *jugaad* approach that we identified earlier: (1) they are frugal in the sense they make effective and economical use of the limited resources that they have access to (Holger, Kahle, Dubiel, Prabhu, & Subramaniam, 2015); (2) they employ and demonstrate flexible thinking and pragmatic action (Jain, 2012), one that reflects a mindfulness of the complex and volatile environments that they are navigating; and (3) they are focused on including excluded groups, not just as users but also as members of an ecosystem producing and distributing these services, thereby augmenting their income and contributing to their development (Kahle, Dubiel, Holger, & Prabhu, 2013). Two outstanding instances of such solutions are Harish Hande’s Solar Electric Lighting Company (SELCO) and Dr. Mohan’s Mobile Diabetes clinic.

***Jugaad* in action**

Harish Hande set up SELCO in 1995 with the goal of providing solar lighting solutions to rural Indians who do not have access to electricity and typically use kerosene lamps to light their homes (Dash, Radjou, Ahuja, & Prabhu, 2010). SELCO was not set up as a non-profit NGO, rather, it was always Hande’s intention to ensure that his operation

be viable from a business perspective. But how could Hande get poor rural Indians to pay for solar panels and batteries that even affluent Indians could rarely be induced to purchase? A key insight came to Hande from a fruit cart vendor who told him that while spending \$6 a month was too much, incurring a cost of 20 cents a day was not. This comment brought home to him the fact that a majority of people in his target group spent all of what they earned on the same day. Specifically, at the end of every day they applied their day's earnings to pay off debts and buy food and other household items. Buying kerosene was part of this process. Hande's customers would typically go to an outlet from where they would pay approximately 25 cents for a sufficient amount of fuel for that night.

Knowing this made it clear to Hande that he would have to find a way to supply solar power on a daily basis at more or less the same price as kerosene. Working backwards, he devised an ingenious business model that does precisely this. Hande selects and trains local people to manage and maintain the solar panels and batteries. In collaboration with a bank, he obtains a loan for these local entrepreneurs, which he initially guarantees. With this loan, the local entrepreneur sets up shop with solar panels which they use to charge lamps, which in turn are rented to the villagers every evening. The local entrepreneur charges a rental of 20 cents per lamp to make the option competitive with kerosene. At this price and sold in this way, solar lighting is not only a more economical option, it is also healthier than kerosene as it does not emit noxious fumes and is not a fire hazard, while providing a better quality of light (it is more intense and longer lasting). Overall, the solution is frugal (it consumes fewer resources than burning kerosene), it has flexible business thinking behind it, and it includes a large number of people who would otherwise be excluded from access to clean energy solutions.

Dr. V. Mohan is a world-renowned diabetes specialist based in Chennai on India's southeast coast (Radjou et al., 2012). He has a very successful practice, serving patients in that metropolis. However, as a specialist he is also acutely aware that diabetes is a major health problem in India's rural areas where many people do not know what the disease is or how to manage it. Moreover, it is hard for people from the countryside to come to the city for treatment as this costs money and takes time away from work in the fields. Similarly, Dr. Mohan's city employees cannot travel to or live in the countryside to serve rural patients.

Faced with this challenge, Dr. Mohan has devised an ingenious *jugaad* solution involving a mobile diabetes clinic. The clinic is a large, renovated van donated to him by the World Diabetes Foundation and equipped with sophisticated medical equipment and a satellite dish to broadcast images from the van to the city hospital. The van travels from village to village. Patients enter the van and look through the eye piece of the medical device within. An image of their eye is beamed via V-SAT to the physician sitting in the clinic in Chennai. Based on this image the doctor makes an prompt diagnosis that is relayed back to a local health volunteer in the van. The local health volunteer then communicates the diagnosis and treatment plan to the patient. When the van leaves, the local health volunteer ensures that the patient follows up on the doctor's advice and returns for a check-up when the van makes its next visit to the village. An interesting part of this model is the role of the local health volunteer. These volunteers are often people who may have no more than a high school education. Dr. Mohan selects and trains them in his city hospital. They then return to their village communities to play this important role in the healthcare model. Importantly, they do not receive

a wage for their labor. Nevertheless, they benefit from the training they receive, the increased social capital they accrue, and the enhanced job opportunities they attain (for instance with pharmaceutical companies looking to hire rural sales representatives).

Solutions such as Harish Hande's and Dr. Mohan's will not eliminate rural poverty and access problems on their own. However, taken together and in large numbers, such enterprises can and are making a difference. A common criticism is that social ventures lack scale and cannot therefore make a significant dent on the large challenges facing these economies (Sachs, 2005). However, these small scale models serve as inspiration for other social entrepreneurs to get involved, thus providing opportunities for scaling out. And increasingly, larger organizations including large domestic and multinational corporations, are becoming involved. We now turn to a discussion of the different types of innovators and enterprises doing *jugaad* in India.

Organizational types and *jugaad*

There are at least four types of organizations engaged in *jugaad* in India (see Table 2). These include social ventures, multinationals, large Indian firms, and government agencies and departments. These actors bring their own motives and abilities while engaging in *jugaad*. We discuss the strengths and weaknesses of each of these actors in turn.

Social ventures

Social ventures such as MittiCool, Dr. Mohan's Diabetes Specialties Center, and SELCO, bring a great deal of passion, patience, local knowledge, and commitment to the challenges posed by exclusion. The importance of these elements in addressing the

Table 2 Organizational types and *jugaad*

Types of organizations involved in <i>jugaad</i>	Examples of <i>jugaad</i> innovations they've developed	Elements of their value proposition
Social ventures (e.g., MittiCool, SELCO, Dr. Mohan, etc.)	SELCO's solar lighting solution for off-grid users	Network of "local entrepreneurs" who enable customers to rent solar charged batteries on a daily basis
Large multinational firms (e.g., GE, Siemens, Unilever)	GE's Mac 400 ECG machine for rural India	Robust, affordable, portable, easy to use and maintain product
Large domestic firms (e.g., Tata Motors, Godrej, etc.)	Tata Nano car	Affordable (\$2,500) yet aspirational car for Indians looking to upgrade from two wheelers
Indian government agencies and departments (e.g., state-owned banks, Indian Space Research Organisation, etc.)	Unique ID Authority of India's Aadhar card	Biometrics to identify Indian citizens uniquely for benefits and public distribution system

problems of low-income groups cannot be underestimated. There are many instances in the development economics literature of top down initiatives that have had the benefit of money and technology but lacking knowledge and sensitivity to facts on the ground, have failed to achieve their objectives (Dunn, 1979; Easterly, 2006). Miller (2012) provides a compelling description of the checkered fates of World Bank-funded projects in the area of solar energy solutions for off-grid consumers in Indonesia, Sri Lanka, and India. In many cases, it is not new technology or large amounts of capital that is needed as much as a deep knowledge of the nature of the problem and the lifestyles and socio-cultural context of the communities or customers that one is dealing with (Jain & Koch, 2015).

Along these lines, Mansukhbhai of Mitticool had not only a detailed knowledge of clay products and their manufacture but also understood the mindset and aspirations of rural consumers as an insider. Harish Hande of SELCO spent time learning from farmers, urban fruit vendors, and rural off-grid households about the way in which they earn, spend, and consume energy. He also spent a great deal of effort setting up the infrastructure that underpins his business model: selecting and training local entrepreneurs to manage and maintain solar panels and batteries as well as developing relationships with rural banks to work out financing for the micro-enterprises started by these individuals. Dr. Mohan, in turn, combined his knowledge of rural healthcare with a commitment to selecting and training local healthcare volunteers that underpin his model. It is only after innovators have deep knowledge of the local context and the nature of the problem they are attempting to solve that they cast about for technical and monetary solutions that fit the problem at hand. In many ways, their approach to *jugaad* is user driven, that is, one that solves a specific need as opposed to a top-down solution that attempts to impose a one-size-fits-all solution for a need (Cronin, 2014).

If passion, commitment, patience, and local knowledge are the strong points of social ventures, their weak point typically is their inability to scale their solutions. Having developed and implemented a solution suited to a particular community, social ventures frequently lack the resources to extend their services to other contexts. Moreover, because their solutions are often specific to a particular community, they are less likely to generalize to other groups. For instance, Harish Hande readily admits that his model, designed for urban and rural Karnataka state, may well not apply to the neighboring states of Maharashtra and Tamil Nadu for reasons to do with culture, geography, income distribution, and so on. So, instead of attempting to scale up his solution, he has opted to scale out by training others like him from these states who would be able to take the applicable elements of his model and tailor them to their own requirements (Dash et al., 2010).

MNCs

Large multinational firms could well be regarded as the mirror image of social ventures vis-à-vis their approach to *jugaad*. MNCs possess vast resources compared to new ventures; these resources span the financial, human, technical, marketing, and operational domains. MNCs can draw on these resources and their vast experience in multiple markets to develop solutions for low-income groups (Anderson & Markides, 2007; Hart & Christensen, 2002). And while in the past they may have had no intention of addressing these problems beyond those required through their corporate social

responsibility initiatives, increasingly they also have the motivation to reach these groups in search of growth and profit (Prahalad, 2009). But this commitment is still a fledgling one: Despite their numbers, low income groups still represent highly fragmented markets with great potential but low current value. In contrast to the smaller but more high value markets of the urban middle class, the urban and rural poor remain relatively unattractive to multinationals. Driven by quarterly results and meeting shareholder expectations of immediate growth, the hard work of developing markets for these underserved communities is something that MNCs find difficult to commit to, in contrast with the patient and resilient manner that social ventures demonstrate. While there have been a few notable cases of MNC success (Govindarajan & Trimble, 2013) in these contexts, these have largely come when the company has been willing to start from a blank slate and explicitly incorporate elements of a *jugaad* approach. However the more common scenario is one in which these firms, facing conflicting objectives, have found it difficult to sustain their initiatives.

A case in point is BP's attempts to develop a smokeless oven for the millions of Indians who use wood to cook in open fire stoves. Such a mode of cooking is not only deeply injurious to health but also acts as a major environmental pollutant. In its "Beyond Petroleum" years BP made a sustained effort to develop a business solution for this problem. Investing close to \$50 million, they worked with scientists at the Indian Institute of Science to develop a technical solution to the problem. Dubbed the Oorja stove, the smokeless oven they developed used biomass pellets as fuel. BP went on to create a supply chain for the distribution of the pellets in addition to selling the stoves themselves. But then the world changed for BP; its priorities shifted back to petroleum and the market they were targeting proved to be too miniscule compared to the other opportunities they enjoyed. These factors conspired to persuade them to give up on the whole enterprise. The outcome was that they divested their business; it is now run by a smaller company that focuses entirely on this product, and does not have to deal with the far larger and more profitable competing lines of business that BP owns.

A final weakness of MNCs is their relative lack of local knowledge (Geertz, 2000; Khanna, 2015). The literature on the international expansion of products is littered with cases of firms from developed economies that take products designed for their consumers directly to emerging market consumers (i.e., with little or no adaptation) and meet with limited success (London & Hart, 2004). The inability or unwillingness of MNCs to adapt their successful solutions from other markets to local conditions is a major source of failure especially when the target markets are not the urban elites of India but the rural masses. This is where large domestic firms might well be able to step in with greater success.

Local firms

Large domestic firms potentially make up the intermediate case between social ventures and multinational firms. Domestic firms have some of the resources that MNCs possess as well as the capabilities of working in other multiple markets. Moreover, many of these firms, by virtue of long standing operations in India, have accumulated knowledge of local conditions including in urban slums, Tier 1 and Tier 2 towns and rural communities. Moreover, because many of these firms are family owned or belong to business groups, they have a longer-term perspective and thus greater patience and

commitment than MNCs who, for the most part, are accountable to shareholders and thus have a shorter term orientation to their thinking (Le Breton-Miller, Miller, & Lester, 2011). It would therefore seem that of the three organizational types, large domestic firms are most likely to succeed in their efforts to reach low income groups and build markets around these communities.

An example of an Indian firm with seeming success in this regard would be the Tata Group. Specifically, Tata Motors' Nano car is an interesting example of a large domestic Indian firm offering a highly affordable product with the view to creating an entirely new segment of aspiring car owners who hitherto would only have been able to buy motorcycles or scooters. By all accounts, the company was successful in achieving the vision of designing and manufacturing such a car for the urban and rural masses of India. But despite their long years of experience with Indian consumers, the company stumbled in the marketing, distribution, and financing of the car (McClain, 2013). First of all, it seemed to display a relative lack of understanding of the psyche of the Indian low-income consumer in a basic way; namely, that while these consumers undoubtedly required an affordable product, they nevertheless did not aspire to something that had been endlessly trumpeted as the world's cheapest car. Even the underserved are aspirational; the Tata's seemed to have not paid sufficient attention to this fact (McClain, 2013).

Second, while there are large numbers of urban and rural Indians who have sufficient assets to use as collateral against a loan to purchase the car, many of these consumers are unbanked and thus do not have a credit history against which to secure such a bank loan. Again the Tatas ought to have known about this institutional lacuna in the Indian market but nevertheless missed it. While it is plausible that the car will eventually have a greater impact and the Tata Group's commitment to bringing out products and solutions designed for India's underserved communities remains unquestioned, such examples form a cautionary tale for those who believe that large domestic firms will inevitably be successful in developing these markets. Indeed, these cases reveal the chasms in mindsets that often exist between the urban elite that constitute management and the rural masses who operate by their own norms and rules, and highlight the need for holistic thinking and great patience while navigating and crafting solutions for these sections of society.

Government institutions

Indian government agencies and departments are the fourth actor working on frugal, flexible, and inclusive solutions for the Indian masses. As the custodians of India's health, education, and social service provision, government agencies, whether federal or state, play an important role in attempts to include excluded groups and breach the last mile problem. For instance, the Reserve Bank of India (India's Central Bank) and many large state-owned (public sector) banks have financial inclusion as a part of their mission and consequently have annual targets they have to meet in terms of banking unbanked Indians. Many of these organizations are at the forefront of designing policies and implementing solutions to bring low cost credit, savings, and insurance solutions to rural Indians. Equally, agencies such as the Unique ID Authority of India with its Aadhaar service have attempted to provide the infrastructure needed to assist with financial inclusion and ensure transparency and efficiency of the public

distribution system and welfare programs (such as the National Rural Employment Government Act). In certain states such as Chhattisgarh, GPS tracking and smart card technologies have been used to bring greater accountability and transparency to the public distribution system which provides food aid to low income groups through a network of state subsidized “ration shops.” Even the Ministry of Human Resources has contributed to these efforts by championing the \$50 Aakash tablet PC for distribution in Indian schools. While the federal and state governments have the motivation to drive inclusive growth and have the resources to do so, they often falter from bureaucracy, lack of transparency, and accountability and the inevitable corruption that follows. In some case, the government does not have the resources or the expertise to deliver on large projects and in these cases there are opportunities for partnerships with other players.

Jugaad via alliances

Given the relative strengths and weaknesses of the different organizational types engaged in *jugaad*, alliances between them offer considerable promise to achieve inclusive growth. Large domestic firms and MNCs, recognizing that they lack the detailed ground-level knowledge of social ventures, are increasingly keen to engage with these smaller players as a way to improve their own access to new business opportunities as well as implement their business models efficiently and effectively in these contexts. Take for instance large banks such as ICICI Bank. These players are keen to reach unbanked rural Indians both because they have financial inclusion targets to meet and because they see business opportunities in this space. Nevertheless, they face challenges related to identifying and assessing the credit worthiness of customers in these scenarios. They also face challenges in maintaining a physical presence in Indian villages (setting up and staffing bank branches would be prohibitively expensive). Instead, they have formed partnerships with two types of smaller players: the *kirana* (mom and pop store) shop owners that are ubiquitous in Indian villages and smaller mobile phone based financial service providers like Eko. In this regard, thanks to Reserve Bank legislation, small *kirana* shops can now act as “business correspondents” for Indian banks and these shops effectively become a low cost bank branch for firms such as ICICI Bank. The financial service providers like Eko provide a conduit between *kirana* shops in villages and their counterparts in cities, thereby providing a key service to rural consumers that have family members in cities working as migrant labor who send money home frequently. There are further alliances between large Indian mobile phone operators and banks as well; the mobile phone operators help reduce the customer acquisition costs for banks by drawing on the data they have on a large number of rural mobile phone users. Such alliances enable an effective and efficient combination of different organizations, a marriage of the ability of the large with the motivation of the small and local.

Jugaad around the world

It is important to note that many emerging economies in Asia, Africa, and Latin America also have their own thriving equivalents of *jugaad*. In Brazil for instance,

there is a long history of *jeitinho*- or *gambiarra*-inspired solutions in biofuels, automotive, beauty, and agriculture (Radjou & Prabhu, 2012). African economies such as Kenya have developed a reputation for their *jua kali* inspired entrepreneurs not only in micro enterprises but increasingly in areas such as mobile payments (e.g., M-Pesa) and IT (e.g., Nairobi's IT hub which has been dubbed Silicon Savannah). Likewise, South Africa is developing a reputation as an area of excellence in the application of mobile-based solutions in health. Clearly other emerging economies are similar to India in facing extreme scarcity of resources, a volatile environment, and a large number of citizens excluded from the formal economy. Frugal, flexible, and inclusive innovation and entrepreneurship is therefore clearly important to such economies as well. What is less clear, however, is the relevance that *jugaad* and its relatives have within advanced economies. After all, these economies are relatively affluent, have stable institutions, and populations that are largely in the formal economy. As a consequence, one might imagine that the use of *jugaad* in these contexts may be rather limited.

Interestingly, however, there is a growing movement in developed economies towards frugal, flexible, and inclusive innovation (Radjou & Prabhu, 2015). For one thing, these economies have been dealing for some time with growing inequality, a trend that began with the offshoring of manufacturing to China in the 1980s and back office work to India in the 1990s and was exacerbated by the financial crisis of 2008. Real incomes have been falling for over two decades and the middle class has been increasingly hollowed out in advanced economies. Moreover, governments have overspent and are now in a fiscal prudence, belt-tightening mode. This has put pressure on the budgets of households and governments alike. Thus there is a need for frugality even in relatively affluent economies (see Radjou & Prabhu, 2015).

Second, there are more positive drivers of such bottom-up innovation in the developed world. People in these economies are increasingly empowered to innovate in small groups with small amounts of capital and resources thanks to the ubiquitous availability of low cost software and hardware. Moreover younger people appear to be more skeptical of big business while recognizing the power of the market to solve many social problems and meet human needs. Take, for instance, the case of Design for America, a Chicago based group of former students from Northwestern University. With backgrounds in design, engineering, and business, this group set out to solve the problems of people not in distant Africa or Asia but in nearby USA. One of the first problems they focused on was hospital-acquired infections which affect 2 million people annually in the US alone leading to 100,000 deaths each year and \$2–4 billion dollars in health care costs. To tackle this, they began by visiting a local Chicago hospital where conversations with and observations of nurses and doctors revealed that while they had every intention of being hygienic, the current solutions for hand hygiene (wall mounted gel dispensers) made it hard for them to wash their hands between operations. This suggested that the solution might be a mobile dispenser that clips onto the scrubs of doctors and nurses. The team then developed prototypes of such a dispenser in their studio using basic computing hardware, software, and 3D printers. Once these were tested they were ready to go into manufacturing which they outsourced.

Finally, to market their product they did not require an advertising budget but used the web, social media, viral marketing, and TED talks to spread news about their solution. Thus all steps of the innovation process from idea generation, to development, to commercialization were done frugally. The end product was a \$3 unit that was highly

affordable to buyers and could result in significant cost savings in the long run. Such examples are now ubiquitous in advanced economies—from computing to content (think free apps and crowdsourced software). It is entirely likely that a new bottom-up approach to innovation is brewing in the developed world that could potentially lead to many potential partnerships between advanced economy and emerging world *jugaad* exponents.

Getting systematic about *jugaad*: A research agenda

The recognition of *jugaad* in India and similar phenomena in other emerging economies as well as the maker movement in developed economies suggests that a frugal, flexible, and inclusive approach to innovation and entrepreneurship has global appeal. Given the growing scarcity of resources worldwide and the increasing pressures on household and government budgets everywhere, it is very likely that this appeal is no mere fad or fashionable trend that will burn out in a year or two. If anything, it appears that the relevance of this kind of activity will grow and that emerging markets may well lead the way in demonstrating how it should be done.

In terms of academic research, the significance of *jugaad* raises many issues; indeed, it suggests an entire research agenda of interesting but yet unanswered questions. On this front, an important starting point for enabling its systematic study is to specify the concept of *jugaad* more precisely. This is important given the highly colloquial usage of the term among its practitioners, the proliferation of nomenclature in this domain (frugal innovation, Gandhian innovation, inclusive innovation, reverse innovation, and frugal engineering being five related concepts describing essentially similar phenomena) and the resulting different interpretations that scholars have attached to its significance (Brem & Wolfram, 2014). Indeed, the term has gained some notoriety, with a few scholars and practitioners steering away from its usage due to its emphasis on “making-do” and the implicated low quality and provisional nature of solutions emerging from such innovation practices (Kumar & Puranam, 2012; Prahalad & Mashelkar, 2010). More generally, the jostling between terminology has contributed to much conceptual confusion that needs to be addressed (see Table 3 for our own sensemaking of the variegated vocabulary associated with this phenomenon).

Our own perspective is to embrace the term *jugaad* given its local roots, cultural situatedness and most importantly, precision—compared to the other terms—in capturing the essence of this approach (warts and all) to innovation and entrepreneurship within these contexts. Moreover, we suggest that a *jugaad* approach to innovation and entrepreneurship has the following elements associated with it: frugality, flexibility, and inclusiveness. Frugality refers to the ingenious use of limited resources at hand. Flexibility alludes to the ability to rapidly adapt and improvise to changing circumstances. And finally inclusivity involves developing goods and services for individuals and communities who are significantly constrained in their capacity to pay and are often marginal participants in the market-based economy.

Taken together, these various dimensions of *jugaad* reflect the context within which such innovation takes place. Put differently, the native environment has contributed to what we perceive is as a unique mindset and culture associated with this form of innovation. It is important to note that from our perspective, *jugaad* is both a verb that

Table 3 *Jugaad* juxtaposed with related Indian innovation constructs

Term	Authors	Definition	Elements frugal	Emphasized flexible	In definition inclusive
Frugal innovation	Radjou & Prabhu, 2015	Means and ends to do more with less for more people	x		x
Frugal engineering	Kumar & Puranam, 2012 (via Ghosn)	Achieving more with fewer resources	x		
Reverse innovation	Govindarajan & Trimble, 2013	Any innovation that is adopted first in the developing world	x		
Inclusive innovation	George, McGahan, & Prabhu, 2012	Development and implementation of new ideas which aspire to create opportunities that enhance social and economic wellbeing for disenfranchised members of society			x
Gandhian innovation	Prahalad & Mashelkar, 2010	Do more with fewer resources for more people	x		x
<i>Jugaad</i> innovation	Radjou, Prabhu, & Ahuja, 2012	Art of overcoming harsh constraints by improvising an effective solution using limited resources	x	x	
	Prabhu & Jain, 2015	Frugal, flexible, inclusive approach to innovation and entrepreneurship	x	x	x

describes how individuals and firms “make things happen” as well as a noun that connotes the outcomes of this process. In sketching out the contours of this concept, we provide what would appear to be a very different gestalt for how innovation and associated entrepreneurial activity is conceived, designed, and implemented in emerging economies—one from which lessons can be drawn for even the world’s more developed economies.¹

Now that a working definition of *jugaad* has been provided, the next key step is to articulate a research agenda that allows us to both systematically understand the many dimensions and nuances of this form of activity as well as develop pathways that enable its

¹ This conceptualization resonates most closely with the notion of Gandhian innovation as discussed by Prahalad and Mashelkar (2010).

incorporation into the mainstream academic, practitioner and policy discourses on innovation and entrepreneurship. We do so by developing a frame for inquiry that organizes this exploration into three levels: individuals, organizations, and markets/fields. For each of these levels, we identify lines of inquiry that can be gainfully examined to further our understanding of this concept. In addition, we highlight linkages between *jugaad* and well-established discourses in the literature, and offer suggestions around how there can be a fruitful interplay between them. Here, the multi-dimensional nature of *jugaad* can also be usefully deployed to explore interfaces between these streams of literature—for example between bricolage and effectuation. More generally, our research strategy here is to maintain the distinctiveness of the native construct as well as develop linkages to extant theory. A similar approach, for instance, has been used to examine the linkages between *guanxi* (connections) and the broader literature on social networks (Lin & Si, 2010) and social influence (Cialdini, 2006). We now turn to providing an exposition of our proposed research agenda (see Table 4).

Individuals

A useful first step for research at this level would be to more carefully characterize the solution-seeking approaches of innovators employing a *jugaad* approach. Two characteristics particularly worthy of investigation are the ingenuity and resourcefulness that skilled exponents of *jugaad* typically exhibit. By ingenuity, we refer to the thought processes by which these individuals make connections and associations as part of generating acts of insight (Usher, 1954). Resourcefulness, in this context refers to the innate ability of individuals within these communities to creatively reuse and repurpose resources for multiple needs (see our more detailed discussion on bricolage below). More generally, it would be useful to understand if approaches to creative problem solving differ between advanced economy and developing country entrepreneurs, as well as between those in higher versus lower income groups. Put differently, are the lateral thinking approaches of grassroots, rural, or urban slum innovators different from their more educated urban counterparts not to mention their developed country counterparts? Furthermore, a deeper understanding of the psychological and socio-cultural influences that underpin an individual's propensity to engage in *jugaad* represents a fruitful line of inquiry. More generally, these investigations would collectively contribute to more culturally informed theories of creativity and entrepreneurship.

Along these lines, the concept of *jugaad* has a natural affinity with the voluminous literature on creativity (Amabile, 1996) and the emerging scholarship on effectuation (Sarasvathy, 2001). Regarding the former, Amabile (1983) has extensively documented how individual creativity is impacted by the social environment. Given the constraints that innovators in emerging economies face, a particularly productive line of inquiry would be to examine how these significant limitations can, in certain cases, spur creative action (see also Mullainathan & Shafir, 2013). Likewise, Sarasvathy (2001) has specified how entrepreneurs often operate out of an effectuation logic, that is they take a set of means as given and then construct effects from those means. This depiction resonates at a primal level with the Indian experience, with many of its entrepreneurs parlaying their limited means and operating in uncertain conditions (engaging in *jugaad*) to create successful outcomes (Varma, 2004). Here, research that seeks to understand how and why certain communities possess an innate disposition and ability

Table 4 A research agenda for *jugaad*

Theoretical domains (representative work)	Research questions
Creativity (Amabile, 1983)	<ul style="list-style-type: none"> • Examining the role of constraint and a “blank slate” in generation of <i>jugaad</i> • Explicating similarities/differences in problem-solving approaches between exponents of <i>jugaad</i> and their Western counterparts
Effectuation (Sarasvathy, 2001)	<ul style="list-style-type: none"> • Identifying individuals/communities who are more likely to engage in <i>jugaad</i> and tracking their record at constructing entrepreneurial paths • Highlighting the limitations associated with a <i>jugaad</i> mindset
Bricolage (Baker & Nelson, 2005)	<ul style="list-style-type: none"> • Elucidating <i>jugaad</i> cultures within organizations • Investigating <i>jugaad</i> within high-tech contexts • Migrating from <i>jugaad</i> to systematic innovation (and vice versa); Exploring hybrid forms of innovation • Specifying actor engagement with institutional environment
Improvisation (Miner, Bassof, & Moorman, 2001)	<ul style="list-style-type: none"> • Investigating <i>jugaad</i> as ongoing adjustments in organizational trajectory • Understanding the impact of “continual <i>jugaad</i>” • Explicating underlying practices that enable frugal, flexible and inclusive—i.e., <i>jugaad</i>—innovation
Disruptive innovation (Christensen, 1997)	<ul style="list-style-type: none"> • Understanding how <i>jugaad</i> innovations gain traction in underserved markets and tracing the extent to which they invade mainstream markets • Illustrating business/organizational models crafted for <i>jugaad</i> innovation
Sociology of markets (Fligstein, 2001)	<ul style="list-style-type: none"> • Examining the emergence of partnerships/field-level interventions that foster <i>jugaad</i> innovations • Characterizing the nature of markets that <i>jugaad</i> innovations serve; tracing market development activity that <i>jugaad</i> practitioners engage in • Measuring the productivity/livelihood impact associated with the adoption/use of <i>jugaad</i> innovations

to engage in *jugaad* activity would provide us with insights into a more socio-culturally infused notion of effectuation. Taken together, these research directions represent productive interfaces wherein the study of *jugaad* can significantly extend the explanatory scope of these literatures.

Organizations

Here, our earlier discussion suggests that large and small firms, domestic and multinational companies, as well as government organizations are all engaged in *jugaad*. Moreover, we demonstrated how each of these organizational types has different capabilities and motivations when it comes to performing such activity. The empirical question however remains: when are we likely to see a particular type of firm do *jugaad*, and under what conditions will a specific kind of organization be more likely to succeed at such activity?

Another set of questions concerns the nature of activities that these different players engage in as part of performing *jugaad*. For instance, a question of significant practical import concerns the methods that these organizations employ to take cost out of the innovation process (i.e., how they are able to practice being frugal throughout the innovation process, from generating ideas to developing and commercializing them). A further set of questions involves studying the practices that they deploy for dealing with uncertainty and volatility, that is to say, how are they able to improvise solutions and maintain flexibility? Here, an understanding of the complicated and nuanced relationship that organizational actors in emerging economies have with the institutional environment they are embedded in, would be particularly useful. And finally, to what extent is the quest to be inclusive a factor in the decision-making of firms that engage in *jugaad*? How do these different organizations attempt to strike a balance between what might be viewed as doing good versus doing well? At a broader level, work that more carefully identifies and categorizes specific practices associated with a *jugaad* approach would provide us with a deeper appreciation of the organizational underpinnings of this form of innovation. Along these lines, understanding the extent to which this style of thinking percolates decision-making within a business—that is, taking an integrative perspective and explicating the different facets of a *jugaad* culture, chaotic as such a system is likely to be (Boulding, 1987)—via careful observation of exemplar exponents of such activity, represents a promising trajectory for future work.

In addition, studies are needed that examine organizations' attempts to migrate their *jugaad*-inspired solutions to a more systematic and standardized renditions. How do these actors address the challenge of scaling their grassroots-generated innovations? In advanced economies, studying the reverse, that is, incorporating *jugaad* within a largely systematic mode of innovation, especially as these firms increasingly cater to emerging economies, represents a promising further domain of research. Tracing the changes to capabilities, cultures, and mindsets and the resultant outcomes that such migrations engender, will likely provide some fascinating insights.

Finally, investigations are warranted into how firms combine traditional, systematic, top-down methods with grassroots, experimental, bottom-up approaches that *jugaad* symbolizes. Put differently, understanding hybrid approaches to innovation—one in which firms synthesize and leverage disparate sources and methods of innovation for creating novel products, services and business models to address the needs of underserved communities—represents a particularly exciting line of inquiry.

From a theoretical viewpoint, there are useful linkages to be made between *jugaad* and the literatures on bricolage (Baker & Nelson, 2005; Garud & Karnoe, 2003; Levi-Strauss, 1966) and organizational improvisation (Miner et al., 2001). In terms of the former, Baker and Nelson (2005) identified employing the resources at hand, combining these resources for new purposes, and “making do” as elements of bricolage that entrepreneurs within resource-poor environments deploy to render their solutions. In actively constructing their resource environments, these individuals create “something from nothing.” The authors go on to specify two different forms of bricolage—parallel and selective—and link these to such outcomes as firm growth. The literature on bricolage, then, provides a robust theory of action under conditions characterized by severe resource constraints—one that has significant parallels with a *jugaad* approach. Indeed, a number of the principles that Radjou et al. (2012) identify in their book—

such as seeking opportunity in adversity, doing more with less, and acting flexibly—have clear counterparts in the bricolage discourse. The investigations that we have proposed can further extend the literature in at least two ways—developing a more actor-centric conceptualization of bricolage as well as capturing the nuanced and pragmatic relationship that these actors have with the institutional arrangements that they are situated in.

Moreover, a *jugaad* approach to innovation and entrepreneurship can be viewed as involving a constant stream of improvisations, which following Miner et al. (2001), we define as “deliberately and materially fusing the design and execution of a novel production” (314). In addition to examining the scope and frequency of improvisational activity within organizations engaged in *jugaad*, another interesting set of research questions revolve around examining the impacts that engaging in continual *jugaad* has on the competencies, learning and survival of an organization. Finally, studies that involve comparing the practices associated with *jugaad* vis-à-vis those advocated by exponents of design thinking (Kelley, 2007) and lean experimentation (Ries, 2011)—methodologies that have been inspired by the literature on creativity, improvisation and learning—would also be useful. Along these lines, there would appear to be similarities between *jugaad* and the bias to action and deep understanding of the user that design thinking advocates, as well as the emphasis on conserving resources that a lean experimentation methodology is grounded in. On this front, field-based as well as historical studies that chronicle the emergence of a *jugaad* innovation can provide insights into the workarounds, shortcuts and ingenuity underlying these solutions—that in turn, can inform and refine the practices associated with design thinking and lean experimentation.

Markets and fields

At the field level, there are a number of research questions of practical import that merit investigation. For instance, given that different types of firms may be good at different aspects of a *jugaad*-driven innovation, are we likely to see a division of labor develop and specialization occur? Will we, for instance, start to see small, entrepreneurial firms initiate (i.e., identify and develop) *jugaad* solutions, while large firms become more involved in the process of scaling up and ensuring large scale commercialization? Moreover, what forms of cooperative relationships will develop between small and large firms attempting to devise *jugaad* solutions? In a similar vein, will we see more cross-national partnerships start to occur with, for instance, advanced economy firms supplying the technology and emerging market partners providing the business model and the local market knowledge? What form are these partnerships likely to take, and what would the role of large public players like governments as well as grassroots organizations such as NGO's play in this process? Taken further, understanding how firms promote, mobilize, and orchestrate *jugaad*-type activity among members of a larger ecosystem that they belong to represents a promising area for research. More generally, adopting a field perspective and examining the activities of various actors (government, firms, users, etc.) as they engage in both macro- and micro-level interventions to (re)configure entire sectors via *jugaad* interventions would provide us with a more contextualized and embedded view of this activity within a larger system of innovation.

On the market side, a key research question of interest concerns what drives consumer adoption and use of *jugaad*-inspired innovations. A related question concerns the productivity and livelihood impact of the adoption and use of such innovations. It is clear that affordability is a key factor driving the adoption of *jugaad* innovations by low-income groups. However, affordability alone does not guarantee adoption. Take the Nano car, for instance. Despite being an engineering and manufacturing marvel and achieving radical affordability, the initial sales of the product among lower income groups were less than spectacular. At least one of the reasons for this was that low income groups, like all other income groups, have aspirations, and these aspirations are a powerful driver of their consumption behaviour. The failure to appreciate this resulted in Tata Motors overemphasizing the overly cheap design of the Nano car over basic aspirational features such as design, maneuverability, and limited comforts. Firms engaging in *jugaad*, and researchers studying the phenomenon, will need to understand better the subtle interplay between aspiration and affordability in the minds and behaviour of consumers worldwide.

In many cases, adoption of *jugaad* innovations alone will not guarantee their actual use. Take the case of smokeless ovens developed for tribal communities in Orissa. Intended to help them avoid the harmful effects of using open fire wood stoves, these smokeless ovens clearly had the best interests of the intended users at heart. Moreover, pilot studies with these communities obviated the cost issue by giving them to users for free. Nevertheless, researchers found that these tribal communities failed to use the smokeless stoves and soon reverted to their old practice of burning wood in open fires. The reasons for this were twofold: the food did not taste the same and cooking with the new stoves interfered with the age-old social practice that women of the communities engaged in of gathering wood together in groups. The latter point alone, given the role that such activity plays in providing women social contact and support, is critical to understanding the actual use of these innovations and the socially constructed meaning of technologies and other artifacts (Garud & Ahlstrom, 1997). Specifically, social and cultural context is as important as cost and aspiration in driving usage (Jain & Koch, forthcoming).

This suggests that we need to develop a deeper understanding of the markets within which *jugaad* innovation takes place. Along these lines, exchange spaces in emerging economies are often extremely resource constrained in that their members earn very little income (Mair & Martí, 2009; Viswanathan, Sridharan, & Ritchie, 2010). We contend that it is an organization's interpretation of the markets that they are navigating that determines the assemblage of *jugaad* innovations they design and deploy in order to gainfully engage with its participants. Elucidating how these dynamics unfold via detailed field-based studies, we believe, is a particularly fruitful avenue of inquiry given that these can provide us with insights into the mechanisms by which organizations attempt to develop inclusive and equitable markets for such underserved communities (Mair, Martí, & Ventresca, 2012). Along these lines, recent work suggests that engaging with these markets typically involves *jugaad* activity that spans multiple domains, including product, process, and business model innovations (Jain & Koch, 2015).

Building on this, gaining an understanding of the different business models that *jugaad* innovators employ represents another useful line of research. Here, questions related to the viability of these business models as well as their impact on adoption and use of the innovations as well as on the livelihoods of the adopters, would yield useful

insights. For instance, in the case of off-grid solar lighting solutions, is a pay-as-you-go business model (solar light as a solution) more viable for a firm than an up-front transactional model? And which of these models is likely to result in greater adoption and use? A useful technique that can be applied for drawing inferences in these instances is randomized control trials (RCTs) or field experiments, a methodology that has gained significant traction in development economics circles over the last few years (Banerjee & Duflo, 2011). Applying such a scientific approach to the testing of *jugaad* innovation and the business models that support them in the field offers great potential to provide rigorous answers to the question raised above.

Additionally, studies that trace the economic and socio-cultural impacts of *jugaad* innovations introduced into underserved communities are acutely needed. For some years now, a debate has raged between those who have argued for the beneficial effects of marketing these innovations to low income groups (Prahalad, 2009) versus those who have voiced concern that such interventions only drag these people deeper into poverty unless they are able to generate incomes and improve productivity (Ansari, Munir, & Gregg, 2012; Karnani, 2007). More generally, we still know very little about the long-term effects of the introduction of these innovations into these communities. Along what dimensions do they have a positive or negative impact? How do individuals within these communities themselves repurpose these innovations? To what extent do these innovations become a part of the lives of these individuals and what influence do they cast over them? Answers to these questions will require in-depth longitudinal investigations that trace the adoption, diffusion and ongoing use of these innovations in a chosen set of communities. While difficult to implement, such studies can provide us with a valuable trove of information on consumption dynamics in these segments of society that would have significant practical import.

These empirical investigations have a strong resonance with and will likely contribute to the literatures on disruptive innovation (Christensen, 1997; Nair & Ahlstrom, 2003) and the sociology of markets (Fligstein, 2001). Given that the former is centrally focused on examining low-cost innovations that invade mainstream markets over time, there are obvious parallels between this work and the notion of *jugaad* innovation. Indeed, Hart and Christensen (2002) explored how generating disruptive innovations for bottom-of-the-pyramid (BOP) markets represent a significant opportunity for multinationals. We believe that work on *jugaad* innovation can usefully extend our understanding of the nature of disruptions as they unfold in these contexts. Along these lines, studies that explicate the factors that enable such innovations to gain traction among these communities (typically by getting users to substitute archaic technologies or switch from non-consumption) as well as those that examine the extent to which such innovations are able to subsequently make a dent on the mainstream market, both locally and globally, would be particularly pertinent. Similarly, in conceptualizing markets as fields that are comprised of a complex arrangement of institutions, the sociology of markets provides a theoretical apparatus for examining their constitution via the action of multiple actors, that include governments (Fligstein, 2001). However, empirical studies in this domain have largely focused on studying markets within advanced economies. In tracing the process by which individual actors, individually or collectively, actually go about commercializing their *jugaad* innovations, researchers can usefully extend this body of research.

Above, we have offered suggestions on studies at various levels of analysis that can collectively begin to usefully unpack the concept of *jugaad*. In the spirit of symmetry, we need to also conduct studies that help us better understand the limitations of *jugaad*. As indicated above, some scholars have alluded to the fickle nature of this form of innovation, one that provides quick-fixes and workarounds, but not necessarily solutions that are likely to have a sustained or meaningful impact (Kumar & Puranam, 2012; Prahalad & Mashelkar, 2010). Along these lines, what factors—at the individual, firm and market level—contribute to more (or less) effective instances of *jugaad*? Taken to its logical conclusion, this line of reasoning suggests that engaging in *jugaad*—like any other form of innovation—can have highly variable outcomes, and in some cases, a predominantly dark side associated with it. Given this, conducting studies that employ a multiple case research design to examine whether a *jugaad* innovation has had a positive, neutral or negative outcome (for the various constituents involved) in a particular situation would be useful for discerning the underlying factors contributing to this variation, that is, they would help establish the boundary conditions under which this form of innovation works.

In providing a precise specification of *jugaad*, locating this notion within a number of contemporary discourses unfolding within the innovation and entrepreneurship literatures and articulating a research agenda aimed at advancing our understanding of this phenomenon, this paper makes several significant contributions toward advancing theory building around this concept. This is important as it serves both to propel *jugaad* beyond the realm of descriptive evidence as well as provide a theoretical frame for observing innovation that is unfolding in India and other emerging economies. In giving *jugaad* its due as both a theoretical concept and a relevant practice within these scenarios, we emphasize the integral role that context plays within studies of innovation and entrepreneurship and encourage more explicit incorporation of this facet in studies moving forward.

At a broader level, research along the trajectories identified can be immensely valuable in addressing one of the key challenges of our time—providing services and products to the 4 billion individuals on the planet who do not have access to numerous good and services that would significantly improve their health and standards of living. The characteristics of *jugaad* that we have identified earlier—frugality, flexibility, and inclusiveness—both reflect a viable response to functioning in these environments as well as represent the means for developing meaningful interventions that have strong potential for gaining traction among these communities and transforming them in the process. Designing and conducting studies that help us build a better theoretical understanding of *jugaad* can likely have significant ramifications within the domains of policy and practice.

In this paper, we have illustrated processes akin to *jugaad* that are unfolding across the globe. Besides, we have delineated the strengths and weaknesses that different actors possess in performing such activity. Moreover, we have demonstrated that *jugaad* needs to be viewed a holistic concept, one that encompasses innovations in the product, process, business model, and organizational domains. In doing so we provide an enhanced understanding of the practice of *jugaad*, one that can provide guidance to organizations intending to emulate this form of innovation. At a policy level, our study advocates for more serious consideration of “bottom-up” *jugaad* approaches to innovation by governments and think tanks, given the robust impact they can have on large swathes of humanity. This, we suggest, can productively manifest itself in developing public-private-community partnerships that foster such

forms of innovation and entrepreneurship. We also foresee considerable promise in the crafting of hybrid forms of innovation that combine elements of *jugaad* and more systematic approaches. More fundamentally, our study contributes to the policy discourse by highlighting the value that a sociological and anthropological lens can bring to addressing the vexing but not intractable problem of developing products and services for underserved communities around the world.

Conclusion

This paper has sketched out a wide-ranging agenda for research on *jugaad*—a well-understood concept in India regarding frugal innovation. We view this as a start for carrying out deeper investigations into a concept whose significance within the domain of innovation and entrepreneurship is only likely to grow in importance. As we turn our attention to how such activity gets done in the developing world, understanding the mechanisms and practices that undergird *jugaad*—and documenting both the similarities and differences on how this activity is performed across these contexts—will be crucial. This will require field-based longitudinal studies that carefully document the mindsets invoked, actions performed as well as the processes that unfold, that collectively constitute a *jugaad* solution. Such work, at one level, will add to our comprehension of grassroot-level, bottom-up that are gaining traction across the world. More significantly, it will contribute to the development of a more socio-culturally informed theory of innovation and entrepreneurship, one that illuminates how history and context fundamentally impact the nature of such activity.

Rather than viewing *jugaad* and other indigenous forms of innovation as anachronisms that will inevitably disappear as a more global mindset takes hold, we embrace the diversity that these approaches bring as well as the human ingenuity that we observe in studying this phenomenon in India. Simply put, firms, consumers, and governments in both developing and developed countries stand to benefit from practicing, applying, and supporting frugal, flexible, and inclusive *jugaad* innovation. Academic researchers in many business-related fields—including marketing, strategy, organizations, and international business—will find that studying various aspects of this phenomenon will not only likely advance knowledge within their fields, but will also generate insights that have considerable policy and practical significance and how economies develop and modernize (Parente & Prescott, 2002). We look forward to conducting (as well as seeing) many more studies pertaining to this exciting new line of research.

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The critical success factors of social entrepreneurship in India: an empirical study

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Abstract: The paper describes the social entrepreneurship (S-ENT) critical success factors (CSFs) identified from a survey study carried out in India. The ranking analysis of the survey results shows that 28 factors are rated as critical for determining the S-ENT success of a social enterprise. Further, the factor analysis revealed that the identified CSFs can be grouped into seven clusters, namely leadership, social enterprise planning, community engagement, innovative financing, human capital, legal support, and social enterprise marketing. The outcome of the thesis provides pioneering insights through a structured framework for investigating the individual CSFs and their different levels of contribution to S-ENT success. The inventive knowledge generated out of the thesis work, can be specifically fruitful for practitioners and other stakeholders in identifying the areas of their social enterprise functioning that demand their utmost priority and attention, in identifying the skills and resources required for their venture success, in assessing their competitive advantage and in helping to setup evaluation mechanism of their ventures etc. The pioneering insights can also be utilised by academicians for theory building and further analysis in the field.

Keywords: social entrepreneurship; S-ENT; social enterprise; critical success factors; CSFs; strategic management; India; innovation management; planning.

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1 Introduction

Social entrepreneurship (S-ENT) as an innovative model of social problem solving, is receiving significant scholarly and practitioner attention around the globe (see Alvord et al., 2004; Dees and Elias, 1998; Korosec and Berman, 2006; Peredo and McLean, 2006; Thompson, 2002). The subsequent confidence and acknowledgment of social enterprise's socio-economic potential across domains and geographical boundaries have fuelled its spread. Globally, the businesses, governments, NGO(s), and other multilateral donor agencies are increasingly recognising that their support of S-ENT efforts can fetch significant benefits to societies at large. However, while social enterprise (SE) discourse is witnessing a scholarly upsurge (Alex, 2006; Johnson, 2000), the focus to date has tended to be over defining the definitional controversies or the differences between the social enterprises (SEs) and commercial ventures (e.g., Austin et al., 2006; Mair et al., 2006). Very scant studies have attempted to examine the strategic aspects of such ventures. Nonetheless the strategic management of such enterprises poses distinct and substantial challenges but the contemporary research has not yet matured sufficiently to offer conclusive evidence regarding optimal forms of involvement, system components, or the key factors required for SE success (Boyer et al., 2008; Nielsen and Carranza, 2012; Satar and John, 2016; Wronka, 2013).

Critical success factors (CSFs) refer to a set of vital factors which provide an organisation with success and competitive advantage (Bullen and Rockhart, 1981; Grunert and Ellegard, 1993; Rockart, 1979). Alternatively, CSFs constitute the set of characteristics, conditions, and variables which are responsible for the success of an organisation (Grunert and Ellegard, 1993; Meibodi and Monavvarian, 2010). Since CSFs find immense importance in devising the strategic aspects of ventures, the organisations must excel in them in order to outperform the competition. Thus identifying and analysing the critical or key success factors attains crucial importance in terms of enabling the organisation to allocate sufficient resources to those areas which are most likely to yield a maximal outcome of overall competitiveness and organisation success.

With the seminal work of Rockart (1979) the CSF approach has evolved as a popular research approach across an array of disciplines. Although, there are varying definitions of CSFs across disciplines, however, it is largely being consented that 'few' and vital are the key words associated with the approach (Benchtell, 2002). The CSF approach is fundamentally regarded as a procedure to make explicit those key or critical areas that dictate managerial success (Boynton and Zmund, 1984). In light of above discussion, the CSF approach can prove to be an effective method in situations especially:

- 1 where a copious number of factors have to be reasonably reduced to smaller and manageable number
- 2 in situations where numerous factors are competing for the limited resources and the task is to identify the factors demanding utmost attention and priority.

Although there has been substantial convergence and consequent agreements upon the definitions as well as the nature of activities of SEs, very scant research has been undertaken on the factors contributing to the success or failure of SEs. There is a pressing need in S-ENT practice to identify a comprehensive yet compact set of factors among the many determinants of S-ENT success. The CSF approach thus offers an effective way to fulfil the need.

In the backdrop of above, the present study carries a twofold purpose, i.e.:

- 1 Through utilising the CSF approach, the study attempts to identify and empirically validate the S-ENT CSFs of SEs
- 2 Second, our article contributes to filling up the gap in existing literature by estimating results for an un-trodden sample of Indian SEs, for which there is little or no empirical work.

While SEs are increasingly being associated with integral solutions to world's developmental challenges, they are found to be less competitive in the market and are expected to compete with their commercial counterparts for the limited resources (Johnson, 2000). Further, since SEs are characterised with distinctive features, an in-depth examination of the SE sector is thus needed to improve the understanding of SENT stakeholders. It is expected that the CSFs could provide a sound taxonomy to break down the complex and delicate nature of S-ENT success into a few discrete factors.

The study also contributes to improving the competitive advantage of S-ENT firms by assisting the practitioners in allocating and aligning their limited resources in a more effective and efficient way. By investigating the CSFs, both Indian and overseas organisations can gain insights into the S-ENT operations for achieving competitive advantage in the Indian S-ENT market.

Thus the research was driven with the central questions of 'what are the CSFs for SENT in India? *'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 decision makers in their planning process or strategy formulation? Etc.*

The paper is organised as follows: the first section of the paper while laying down the background of the process of CSF identification, reviews the pertinent themes to examine how S-ENT and SEs are portrayed in the extant literature. The initial discussion is closed with the synthesis of select success factors of S-ENT. Section 3 systematically presents a complete coverage of survey design and data collection process. Section 4 covers the analysis and discusses the results in terms of identified CSFs. The last section covers a broad conclusion of the study and concludes with stating the limitations and future scope of the study.

2 Literature review

2.1 Procedures for identifying the CSFs

Although, the CSF approach has been widely acknowledged in diverse studies, yet there is the absence of a unified rule for CSF identification. However, the researchers over the period of time have been found as adopting systematic procedures for CSF identification (Chau et al., 1999; Satar and John, 2016; Shen and Liu, 2003). A summary of these

typical procedures as presented by Lu et al. (2008) determines the following general steps for CSF identification:

- 1 identifying a full set of selected success factors (SSF's)
- 2 investigating each SSF's significance through conducting a potential survey
- 3 estimating each factor's importance index value from survey data
- 4 Extracting CSFs from analyses SSF's as per their importance index
- 5 analysing and interpreting the extracted CSFs.

The rationale behind the above steps lies in the fact that the comprehensive list of CSFs as developed by the researcher is presented to the experienced practitioners thereof. The experts are asked to rate the significance of these earmarked success factors. Eventually, the non-critical factors are excluded by analysing the data from such opinion survey based methodology. A number of studies so far have demonstrated the effectiveness and brevity of this CSF identification process (Chau et al., 1999; Shen and Liu, 2003; Lu et al., 2008). The approach finds immense importance especially in situations when the factors under consideration are qualitative and elusive items for which the hard performance data are not available. Keeping in consideration the wide acceptability and effectiveness of this approach, the present study employed a similar methodology for identifying the CSFs in Indian SEs.

2.2 Development of SSFs for S-ENT

2.2.1 Defining success in S-ENT

S-ENT shares much in common with commercial entrepreneurship (Granados et al., 2011; Satar et al., 2016) and as such the similarities between the two offer some valuable perspectives (Gumaste, 2010; Satar et al., 2016). However, unlike commercial enterprises, SEs have to manage double/triple bottom line which necessitates a careful balance when striving to build and maintain competitive advantages. Thus the SEs remarkably differ in their measurement of success. While the traditional businesses strive for financial success, the SEs are having an explicit goal of social value creation (Satar and John, 2016). Nonetheless, it is imperative to note that SEs can simultaneously pursue the profit motive as well. However, the profit doesn't constitute the main purpose of such ventures. Thus, maintaining the trade-off between social impact and financial viability often represents a complex interplay (Boschee, 1998) and poses the managerial challenge of balancing between mission and income (Foster and Bradach, 2005). Further, when it comes to defining success in SEs, Gumaste (2010) has critically summarised three important criteria based on the review of researches done on successful social SEs. The criteria's so emerged are:

- 1 creating social impact
- 2 ensuring sustainability
- 3 having the capacity to grow, expand, and develop.

Thus while there are no clear or agreed criteria by which success can be determined in S-ENT context, the success is often linked to the concepts of 'scale up' and 'growth'. In

light of this discussion, the study exclusively expresses the term '*social enterprise success*' as the condition(s) where the SE is capable of achieving its social problem solving goals efficiently.

2.3 Theoretical development of CSFs in S-ENT

Although the definitions of a process or construct are found to be less helpful in identifying the success factors (SFs), there are good reasons to assume that the conceptual exploration in the nascent S-ENT field will help in indicating the potential areas for SENT success. By sensitising and investigating these potential areas, the study is prosperous of developing a list of pertinent SFs. In this regard, initial attempts are made to explore and extract embedded notions from the following themes.

2.3.1 The growing discourse on S-ENT theory

S-ENT is vividly marked with fragmentary scant literature, conceptual ambiguity and disparity in the lines of its practice (Certo and Miller, 2008; Hill et al., 2010; Mair and Marti, 2006; Short et al., 2009). Although S-ENT is variously describable (Choi and Majumdar, 2014; Zahra et al., 2008), there has been a significant consensus over the S-ENT concept as a multidisciplinary approach to social problem solving (Austin, et al., 2006; Certo and Miller, 2008; Mair and Marti, 2006; Peredo and McLean, 2006; Satar and John, 2016; Sullivan Mort et al., 2003; Zahra et al., 2008). Further, the SE term is projected more of an 'umbrella pooling' encapsulating a wide range of activities across different sectors and regions. The SEs are predominantly multidimensional in nature and thereby exhibit a significant diversity in their missions, structures, strategies, and processes. Consequently, it is tough to demark or delimit the boundaries of their operation. Furthermore, the usage of dissimilar criteria's for identifying and measuring SEs also contribute significantly to such overwhelming conceptual controversies. Nonetheless, over the time, certain distinguishing features of SEs stem from the S-ENT literature. Such characteristics include the SEs primacy of social aims and the involvement in activities of trading goods and services. As a result, there has been a substantial convergence of thoughts about SE concept as 'businesses based around values that place emphasis directly on meeting social needs than building share-holder value' (Bacq and Janssen, 2011; DTI, 2001; Hansmann, 1980; Massetti, 2008; Sagawa and Segal, 2000; SEL, 2000; Waddock, 1988) as well as adopting some financially sustainable strategies to realise unique social aims.

In consideration of the above discourse, and the embedded research aim, the study adopted the definition of SEs proposed by Satar and John (2016) as the 'organisations established for a principal social value creation mission, and pursue sustained market driven strategies to achieve social objectives. In doing so, they adopt organisation structure favouring the achievement of social goals'. The definition systematically aided in selecting the target sample of Indian SEs for the present survey.

2.3.2 The intricacy of social enterprise management

Unlike the traditional top-down approach of development, SEs represent a paradigm shift by leading a renewed bottom-up approach of development. The simultaneous pursuing of both the financial and social goals often creates tension while taking the strategic

operational decisions of the enterprise (Boschec, 2006; Tracey and Jarvis, 2007). Thus, CSF analysis in SEs has to take care of such unique aspects. Unlike conventional entrepreneurship where success is largely a matter of ensuring a steady market growth of ventures, the SEs have to survive a lot of social dynamics as well. Consequently, the size and nature of a particular SE may alter as it proceeds with its mission of social problem solving (Sarah et al., 2002). Thus, SEs have to be continuously tailored to suit the social as well as market dynamics. Further, the variegated and dynamic nature of social issues themselves poses substantial challenges for its solver's. The voluntary charge of creating a solid social impact sets the ground high for incessant and extraordinary leadership, planning and organising efforts. This is probably what differentiates the arena of S-ENT from its commercial counterparts because of the immense involvement and the delivery of some effective solution to the issues requires planning much larger than the commercial counterparts.

The produce in case of S-ENT can be in the form of product, service or a utility meant for the benefit of the community at large. SEs blurs the traditional boundaries between the public, private and non-profit sector, and subsequently emphasise the hybrid models of commercial profit and traditional non-profit activities (Dart, 2004). As such the strategic management of such enterprises poses distinct challenges with respect to pursuing and maintaining the right balance between commercial profit and traditional non-profit objectives. Such features have rendered SEs as formidable organisations to manage, to research or to devise policies for their governance (Peattie and Morley, 2010).

One of the pertinent goals of the S-ENT sector is the creation of social ventures as well as the new SE culture specifically oriented at the inclusion of marginalised groups through active participation in it (work integration mechanisms). The social entrepreneurs utilise such institutions for actualising, sustaining as well as propagating their social transformation mission. Accordingly, the creation, management, performance and development of such ventures constitute crucial aspects of a social entrepreneur's social transformation journey.

SEs, although aspiring fast represent nascent novelties only and as such are continuously experiencing tremendous challenges in their growth and scale up. For example; due to the intricacy of running double bottom line objectives, the SEs have to unremittingly steer the innovation led pursuits always. The ensuing challenges faced by SEs could be thus more of innovation led and may, for example, include the challenges of creating new product/service, value chains, market access, assessing the market/other inputs or at times creating absolutely new markets.

The studies concerning the CSFs of SEs are meagre. Nonetheless, there is a recent initiation in the interest in researching the factors underlining the success of SEs. For example, in an exploratory qualitative study of SEs in Poland, Wronka (2013) proposes ten variables as explaining the success of SEs under consideration. Likewise, in a recent report of a research project, Boyer et al. (2014) proposed eight CSFs as a basis of the assessment process for social and environmental enterprises in Canada. Boyer et al. (2014) while emphasising the importance of group leadership, found that commitment and continuity of one or two individuals is essential for the SE success. Using a qualitative method and key informant interviews, Andres (2013) identified three conditions, i.e., complexity, purpose, leadership and culture as underlining the success of SEs launched by non-profit organisations in Alberta. Further several pertinent factors and themes have indirectly been highlighted by many authors from time to time. For example; Reis and Clohesy (1999) have contended that in order to serve the community better, the

non-profit ventures have to necessarily adopt business professional operations and certain marketing techniques to gain efficiency in its services and products. The nascent stage of SE sector adversely desolates the SEs from resources and subsequently condenses the innovative capability of SEs. Meanwhile, the SEs are competing with their conventional counterparts for the limited resources and this competition is expected to intensify in future (Johnson, 2000; Reis and Clohesy, 1999). In the similar vein, SEs are seen using the narrower organisational structures and thus face the challenges from their internal capabilities and thus their success is likely to be determined by the management efficiency and effectiveness (Dart, 2004). Although, the SEs can leverage the conventional business approaches, yet their use can be a potential challenge for SEs possessing relatively inexperienced and under-resourced management competencies.

The key issues that would affect the dynamic functioning of the SEs in achieving their social and economic objectives have been brought to light by many researchers from time to time. A recent monograph by Peattie and Morley (2010) gives a brief account of such factors which are based on the findings of an ample number of studies done till date. The report included such factors as financing (e.g., Perrini and Marino, 2006), relationships with the public sector (e.g., Chapman et al., 2007), governance (Low, 2006), marketing (Bird and Aplin, 2007; Shaw, 2004), human resource management (Royce, 2007) and other issues associated with the success of SEs. (e.g., Sharir and Lerner, 2006).

2.4 Development of SSFs in Indian social enterprises

While as only a few studies have investigated the S-ENT CSFs globally, a major portion of these limited studies have been conducted in the western countries. Thereby, the factors explored are mainly contextual depending upon the social settings in which the studied SEs operate. The factors explaining the success of SEs in India have been recently explored in the study of Satar and John (2016). Based on a literature review, the authors have proposed 13 CSF categories as contributing to the success of SEs in Indian landscape. However, the study is theoretical and anecdotal and there is lack of a credible methodology for CSF extraction. Nevertheless, all the studies provide a strong reference to the development of S-ENT success factors.

The above-presented discussions have resulted in some guidelines to develop the candidate SF's. Nevertheless, the factors found might be different when applying the guidelines in India, a country whose S-ENT business context is in embryonic stage as compared to its Western counterparts. Hence, the writers explored the characteristics of India's SEs and social businesses and their implications to the development of CSFs. These examinations of the characteristics of the Indian SE sector provided a valuable basis for developing the candidate SF's for S-ENT. For example, it was found that in absence of a legal framework in India, SEs may find it hard to get their dual (social and economic) objectives recognised or may be subjected to inappropriate legal and regulatory frameworks (Satar, 2016). The range of regulatory challenges that restrict different players in the SE ecosystem may include for e-g; the lack of legal structure, restrictions on blended capital and restrictive laws on foreign capital flow, equity investment regulations, etc. (GIZ, 2012). Further, due to the lack of a solid social investment financial framework in India, the SEs face extreme difficulty in availing concrete financial support from formal financial systems (Allen et al., 2012). Additionally, it was found that within India, a majority of the SEs are being established and managed in diverse geographical contexts and organisational forms. The SEs in India

exhibit significant diversity in their missions, strategies, structures and processes. Even, there is unawareness and lack of some formal and accredited means of skill development initiatives for the managers or the key staff members' of SEs. As a consequence, attributes such as innovative financing, business planning skills, legal and policy intervention etc. furnished potential areas for selecting candidate SF's. They are 'value activities' covered by the guidelines as developed in the last section. At this stage, the candidates SF's were primarily identified from surveying the literature on S-ENT concepts, process, Indian social enterprise landscape, success stories of SEs, strategic entrepreneurship initiatives of Government of India, challenges faced by Indian social business sector, Indian developmental challenges, the duality of SE goals, business and social success factors of non-profits etc. The topical CSF information where obtained from reports, research papers, magazines, newspapers and, reviews of laws and regulations, etc.

Table 1 SSFs of S-ENT in India- considered in the present study

<i>Code</i>	<i>Factors</i>	<i>Source</i>
F1	Trust building	Prabhu (1999), Alvord et al. (2004), Anderson and Jack (2002)
F2	Social capital	Bornstein (1998), Dees (1998a), Adler and Kwon (2002), Davidsson and Honig (2003), Light and Dana (2013).
F3	Business values pursued	Authority (2007), Borzaga and Defourny (2001)
F4	Resourcefulness of social entrepreneur	*
F5	Social impact evaluation	Rinaldo (2010), Emerson et al. (2000)
F6	Unconventional financing	Dees (1998b), Austin et al. (2006), Lal and Ronald (2005), Gaurang (2014)
F7	Passion for solving social issues/mission dedication	Sullivan Mort et al. (2003)
F8	Marketing knowledge and skills	Morris and Paul (1987), Sullivan Mort et al. (2003), Gupta (2001)
F9	Retaining of key social enterprise staff	*
F10	Mission consistency	Gaurang (2014), CSRI (2012)
F11	S-ENT promotion	Boyer et al. (2008), Wronka (2013), Storey (1998)
F12	Entrepreneurial traits of social entrepreneurs	Boyer et al. (2008), Kirzner (1973), Busenitz (1996)

Notes: *We could not find any relevant reference due to novelty of the topic under study and thus were introduced based on primary stakeholders' interviews. Immediately following the validation exercises (seminars), the standardised, open-ended interviews were conducted with the 'invited' heads and managers of few SEs, and Government bodies. The agenda was to discuss the success/failure factors of S-ENT so as to cover every conceivable area of SE operation. The above nine (stared) variables were systematically identified due to their repeated endorsement by the interviewee's. However, to our surprise, only four of them could be retained by the study after data validation exercise.

Table 1 SSFs of S-ENT in India- considered in the present study (continued)

<i>Code</i>	<i>Factors</i>	<i>Source</i>
F13	Competent staff for dual objectives	Boyer et al. (2008)
F14	Clear social entrepreneurship vision	Sharir and Lerner (2006), Badaracco (2013), Alvord et al. (2004)
F15	National social entrepreneurship ecosystem	Satar (2016)
F16	Choice of legal status/recognition	Boyer et al. (2008), Storey (1998), OECD (2014), Satar (2016)
F17	Social marketing strategies	Morris and Paul (1987), Zietlow (2001)
F18	Managerial competency	Zietlow (2001), Gupta (2001)
F19	Motivation of employed people	Ardichvili et al. (2003)
F20	Risk taking propensity of the entrepreneur	*
F21	Negotiation skills	Sharir and Lerner (2006), Boyer et al. (2008), Sullivan Mort et al. (2003)
F22	Social value creation orientation	*
F23	Application of IT	*
F24	Engagement of local communities	Boyer et al. (2008), Datta and Gailey (2012)
F25	Sustainability TBL planning: Conscious alignment of enterprise goals with social, economic and environmental issues	Slaper and Hall (2011), Boyer et al. (2008), Satar and John (2016)
F26	Democratic stakeholder base	Boyer et al. (2008)
F27	Marketing channels management	Morris and Paul (1987), Zietlow (2001)
F28	Accountability and records keeping	Boyer et al. (2008)
F29	Learning aptitude	*
F30	Frugal/Scale innovation at BoP	Christensen et al. (2006), Chahal et al. (2014), Pastakia (1998), Covin and Miles (1999)
F31	Organisational culture	Sharir and Lerner (2006), Wheeler et al. (2005), Sørensen (2002), Reichers and Schneider (1990), Light and Dana (2013)
F32	Pro-activeness	Sharir and Lerner (2006), Khan and Manopichetwattana (1989)
F33	Knowledge of social entrepreneur	Sharir and Lerner (2006)
F34	Education/experience of social entrepreneur	*

Notes: *We could not find any relevant reference due to novelty of the topic under study and thus were introduced based on primary stakeholders' interviews. Immediately following the validation exercises (seminars), the standardised, open-ended interviews were conducted with the 'invited' heads and managers of few SEs, and Government bodies. The agenda was to discuss the success/failure factors of S-ENT so as to cover every conceivable area of SE operation. The above nine (stared) variables were systematically identified due to their repeated endorsement by the interviewee's. However, to our surprise, only four of them could be retained by the study after data validation exercise.

Table 1 SSFs of S-ENT in India- considered in the present study (continued)

<i>Code</i>	<i>Factors</i>	<i>Source</i>
F35	Effective communication & feedback	*
F36	Access to finance	Dees (1998b), Alvord et al. (2004), Sonne (2012)
F37	S-ENT opportunity identification and exploitation	Ardichvili et al. (2003), Kirzner (1973), Satar (2016)
F38	Networking/ coalition building for resource scarcity	Birley (1986), Das and Teng (1997), Szarka (1990), Joachim and Wilcox (2000)
F39	Policy support at national and local level	Satar (2016)
F40	Business planning skills	Bull and Crompton (2006), Department of Education and Skills (2005), Boyer et al. (2008), Dees et al. (2002), Scott (2001), Smallbone et al. (2001), Thompson (2002), Bull (2007)
F41	Innovative design and delivery of products/services	*
F42	Innovativeness of the social entrepreneur	Kao (1995), Dollinger (1995), Weerawardena and Sullivan (2006),
F43	Coordination with different Government and private institutions	Shaw and Carter (2007), Hayton et al. (2002), Lyons (2002)

Notes: *We could not find any relevant reference due to novelty of the topic under study and thus were introduced based on primary stakeholders' interviews. Immediately following the validation exercises (seminars), the standardised, open-ended interviews were conducted with the 'invited' heads and managers of few SEs, and Government bodies. The agenda was to discuss the success/failure factors of S-ENT so as to cover every conceivable area of SE operation. The above nine (stared) variables were systematically identified due to their repeated endorsement by the interviewee's. However, to our surprise, only four of them could be retained by the study after data validation exercise.

By examining both the characteristics of Indian S-ENT landscape and the factors in other allied sectors, a draft set of candidate SF's explaining the S-ENT success was formulated. Subsequently, for the sake of ensuring the comprehensiveness, and appropriateness of the identification of the S-ENT factors, several validation exercises were systematically carried out. Two seminars were consecutively conducted in New Delhi during the period from December 2014 to June 2015. The S-ENT and social business practitioners like NGO heads, social entrepreneurs and other managers holding considerable experience in the social business setting were formally invited to comment on the comprehensibility, comprehensiveness and suitability of the individual factors. Notably, the second seminar in addition to the above key persons was successful in engaging the Government officials from Ministry of Micro Small and Medium Enterprises (MSME) as well. The agenda was to discuss the success/failure factors for SEs in India. After taking into consideration the observations and suggestions from the seminars, the final recommendations were systematically incorporated. Consequently, certain redefinitions and modifications were accordingly undertaken and the process eventually revealed 43 candidate SF's with different focus area around the S-ENT success of Indian SEs (Table 1).

3 Survey design

Although all the select success factors (SSFs) formulated in (Table 1) have an impact to a varying degree on the S-ENT success, there is a difference in terms of the importance among the individual factors. For the sake of determining the significance of these factors, the study proceeded to conduct a survey. The survey was conducted based on the rationale as mentioned in the preceding section of this document entitled 'Procedures for Identifying the CSFs'. The intangible and hard to quantify nature of items under consideration mandated the use of opinion survey methodology of CSF identification. As such, while examining the associated survey tools, a questionnaire survey was given utmost consideration for the present study. Thus, a questionnaire was systematically constructed to gather the expert opinions. The questionnaire contained close-ended questions with multiple options. In case of certain questions, the respondents were given the choices to describe their opinions or reasons in order to capture the true essence of their experience on CSFs. The questionnaire comprised of three sections: The first section briefly outlines the introduction of the survey and thereby aims to collect the general demographic information. Additionally, a screening question was presented in this section to thwart the possibility of any unwanted type of organisation (not fulfilling the broad criteria of a SE). Section 'B' carried questions and statements for the respondents to evaluate all the individual factors in terms of their importance in determining the S-ENT success and section 'C' was meant to obtain the typical feedback and suggestions about the theme of the research. The responses were elicited on a five-point Likert scale with the rating as: 5- extremely important, 4- important, 3- neutral, 2- unimportant and 1- negligible.

As a part of scale refinement and validation, the survey instrument was pilot tested in September 2015 on a representative sample of 30 SEs from Delhi NCR, India. Reliability was operationalised in terms of internal consistency through establishing Cronbach alpha (α) coefficient scores of the scale items. The ' α ' value in this test is 0.79 (≥ 0.5), indicating a moderately high internal consistency for the scale items (SSFs). Further, as a means to ensure the standardisation and operationalisation, the questionnaire was subjected to tests of validity (face and content validity). In this regard, a small diagnostic questionnaire (about the main questionnaire) was constructed and disseminated to 3 academic and 2 industry experts and the validity was established based on their critical review. The main questionnaire was acknowledged with a cover letter which introduced the research and attempted to build motivation among respondents to cooperate with the survey process.

The target participants for this study became the multitude of enterprises which are engaged in diverse S-ENT activities across different social settings within India. The list of potential sampling units were obtained from different Government ministries like ministry of micro, small and medium enterprises (M/o: MSME), Federation of India Chambers of Commerce and Industry, NGOs India as well as S-ENT incubators, consultation and research firms, and other S-ENT enabling agencies active within India like ASHOKA- India, Schwab Foundation-India, Jubilant Bhartia Foundation, GIZ-India, Villgro, Intellectap, and Sankalp Foundation.

The questionnaire was finally administered to 215 SEs randomly selected from the list of SEs in India. A review of the selected sampling units showed that they covered SEs from the major provinces like North (Delhi NCR), southern province (Bangalore)

and, a province with mainly the rural areas (North-East). The extensive range of enterprise groups covered helped to ensure as wide and diverse a sample as possible. The Indian SE sector signifies huge geographic spread, and diversity in terms of mission, strategies, nature and location of SEs. Therefore, SEs from sectors, of different legal structures engaged in different socioeconomic sectors rightly constituted a suitable subject for this research.

After reviewing the advantages and disadvantages of various survey-deliver methods in terms of cost, duration and response rate and the suitability of a particular method, a web based survey delivery method (electronic mail survey) was selected as the most suited tool for collecting the primary data. Web-based survey tool was the only viable option to access large and geographically broader and remote samples which otherwise was quite an impractical goal to reach them personally. Subsequently, owing to its appropriateness, 'Google forms' (an easy author electronic form) feature of G-mail was chosen as a tool to disseminate the questionnaire.

The questionnaire was requested to be completed by the entrepreneur himself, or the senior professionals holding considerable knowledge and experience of the S-ENT business. The questionnaire was sent out in November 2015 and after several follow ups using social media, 146 valid responses were retrieved at the end of July 2016. The questionnaire thus had a meritoriously high response rate of 67%.

4 Analysis and results

The database for the present study was maintained using software *SPSS (ver. 21)* software package, Google forms, Microsoft office excel and other allied programs. The statistical analysis of the present questionnaire was conducted with two primary approaches viz. ranking analysis and factor analysis. Further, few interviews were also conducted to substantiate the survey results.

4.1 Ranking analysis

At the onset, the total score, mean and standard deviation for each candidate success factor were generated with the help of SPSS. Subsequently, based on the value of mean scores, the SSF's were ranked. However, in case of two factors having the same mean value, the one with the lower standard deviation was assigned a higher rank. The mean score value of 4 (grade 4 in the 5-point Likert Scale) was applied as the criterion for deeming an attribute as critical. Alternatively, the factors with mean score value of equal or greater than 4 were declared as critical. It is worthy to note that the use of results of ranking scale for establishing the rank of factors correlates with the studies of Costa et al. (2009), Lu et al. (2008), Shen and Liu (2003), Wronka (2013) and Yusof and Aspinwall (2000).

As is obvious from the analysis of the results in Table 2, 28 CSFs met the above criterion. Therefore the results identified 28 CSFs for S-ENT success in Indian SEs.

Table 2 Ranking of factors for S-ENT success in social enterprises

<i>Ranking</i>	<i>Factors</i>		<i>Total score</i>	<i>Mean</i>	<i>Standard deviation</i>
1	F14	Clear social entrepreneurship vision	740	4.51	0.53
2	F36	Access to finance	737	4.49	0.51
3	F39	Enabling government policy at state and local levels	731	4.45	0.54
4	F1	Trust building	729	4.44	0.58
5	F40	Business planning skills in key individuals of social enterprise	729	4.44	0.61
6	F7	Strong dedication to social mission	726	4.42	0.66
7	F25	Triple bottom line planning	724	4.41	0.66
8	F20	Risk taking propensity of the entrepreneur	724	4.41	0.70
9	F6	Unconventional financing	718	4.37	0.55
10	F30	Scale innovation at the bottom of pyramid	718	4.37	0.74
11	F24	Beneficiary engagement of local communities	718	4.37	0.80
12	F41	Innovative design and delivery of products/services	707	4.31	0.86
13	F2	Social capital	702	4.28	0.59
14	F16	Choice of legal structure	696	4.24	0.63
15	F42	Innovativeness of the entrepreneur	691	4.21	0.71
16	F5	Social impact evaluation	674	4.10	0.56
17	F19	Motivation of employed people	674	4.10	0.64
18	F26	Democratic stakeholder base	674	4.10	0.68
19	F43	Inter-organisational coordination	672	4.09	0.70
20	F13	Competent staff	671	4.09	0.74
21	F15	Social entrepreneurship ecosystem	662	4.03	0.55
22	F3	Social business values	662	4.03	0.66
23	F9:	Human resource retention	662	4.03	0.82
24	F17	Social marketing strategies	662	4.03	0.88
25	F8	Marketing knowledge and skills	661	4.03	0.89
26	F10	Mission consistency	660	4.02	0.51
27	F23	IT application	659	4.01	0.55
28	F26	Accountability and records keeping	656	4.00	0.72

The section discusses the implications of top ten ranked factors and investigates the details of least ranking of last five factors for S-ENT success.

- The analysis of results in Table 2 proves that a clear S-ENT vision is ranked as the most important CSF for determining the S-ENT success giving the highest mean score value of 4.51. Thus, we could contend that scaling up of S-ENT mission is not

a chance outcome rather it is being actualised through a clear and consistent visionary focus by the organisation leaders. The social entrepreneurs as leaders have emerged as the inventors of modern S-ENT movement across the globe. They act as the change agents, who enforce the change and serve as dynamic agents for continuously conducting and coordinating the project (Lewin, 1947). Unlike commercial enterprises, social entrepreneurs have to manage double or triple bottom lines which necessitate a careful balance when striving to maintain balance between the social and economic objectives. The SEs have been recognised as multi-stakeholder social businesses having a clear social mission (Alex, 2006; Pearce, 2003). Thus, having a strong clarity of S-ENT vision is a bountiful prerequisite to keep the boat afloat in the direction of social problem solving. Thus, we could argue that success in social enterprise backdrop can be thought of as the results of the sustained coordinating efforts by social enterprise leaders in channelising the energies of different stakeholders towards organisation's vision and mission.

- The results revealed access to finance and enabling government policy as the second and third CSF respectively. The rationale for heightened emphasis for these two categories by Indian SEs can be explained by the fact that access to resources (finance) has been recognised as critical for the subsequent flourishing of SEs. Indian SEs confront more challenges in accessing the resources (financing and fund raising) than their commercial counterparts and have been projected as competing for resources with their commercial counterparts in future (Austin et al., 2006; Sonne, 2012). Thus, in situations where there is absence of a solid social investment financial framework, the Government policies at the local, state as well as at national level would encourage, incentivise and support social entrepreneurs as well as foster social innovation within the social enterprise sector. Thus the policies which can reach, educate and activate people at the local level are a must advocate (Dana, 1992, 1995). Subsequently, the Government can play an important role by supplying the 'impactful' capital or by encouraging the investment by those interested in SE returns. The results are partially correlating with the study findings of (Kim et al., 2010; Wronka, 2013).
- Trust building among different stakeholders has been perceived as the fourth important CSF. Thus, SEs operate within complex 'multiagency environments' with an open approach to those environments and they are being recognised with the tendency to develop long term relationships with their stakeholders (Leadbeater, 1997). Over a period of time, associations developed out of shared values and trust among different actors within the network. The significance of trust building attribute have been acknowledged by Alvord et al. (2004), Austin et al. (2006), Catford (1998), Emerson and Twersky (1996) and Oprica (2013).
- The business planning skills in key individuals of SEs has been ranked as fifth important CSF. On a practical note, it sounds appropriate to have such business planning skills in key individuals of SEs because the hybrid and often paradoxical nature of SEs have made them challenging businesses to manage (Peattie and Morley, 2010). Managing SE is typically a dynamic process and necessitates the continuous adoption to the ever-changing environments. Often they have to take tough decisions in a resource constraint environment (Young, 2001) and often the

decisions have a ripple effect on other aspects of their venture success. Subsequently, it mandates not only the possession of hard-core business (problem solving skills, negotiation and skills of managing human relations) skills but also a range of other dynamic social business skills in key staff members of such ventures. The appropriate skill sets would help the individuals to attain their ambitions for themselves, their families and even for the communities' at large (Department of Education and Skills, 2005). Thus the SE leaders shall either possess, access or attain such enterprise specific business skills in order to efficiently manage business problem solving. The significance of business planning skills in enterprise success has been widely acknowledged by different authors from time to time (Boyer et al., 2008; Bull, 2007; Bull and Crompton, 2006; Darby and Jenkins, 2006; Peattie and Morley, 2010; Smallbone et al., 2001; Thompson, 2002). Further, the in-depth interviews supported this result by suggesting that the practitioners considered that there is an even greater underlying criticality of the business planning skills for SEs in India, where SEs are mainly established either through non-governmental organisations or typically through some informal platforms. Even, the need is accentuated due to the lack of some formal and accredited means of skill development initiatives for the managers or the key staff members' of SEs in India.

Other CSFs in top ten list include strong dedication to social mission (F7), triple bottom line planning (F25), risk taking propensity of the entrepreneur (F20), unconventional financing (F6), scale innovation at the bottom of pyramid (F30).

- The outcome of strong dedication to social mission partially corresponds to the finding of studies of Christie and Honig (2006), Sharir and Lerner (2006) who have strongly supported the notion that the people joining SEs must be having a total dedication to the venture success and besides having an entrepreneurial DNA (Andres, 2013), must have passion for solving social issues as well (Emerson and Twersky, 1996; Thompson et al., 2000). Further it is argued that a strong dedication to the social cause is mandatory to avoid the possible 'mission drift' in social entrepreneurs.
- The triple bottom line approach (also referred to as 3P's) while gaining wider application across for-profits (Slaper and Hall, 2011), also finds its high applicability in non-profits, and public sector (Fredline et al., 2005). Arguably, the SE being typically double/triple bottom line driven enterprises, find high relevance for the use of TBL conceptualisations. The approach is an appropriate consideration for use by SEs in assessing as well as directing their vital resources in attaining the social objectives. Further, one of the pertinent rationales for the use of TBL reporting in SEs would be to promote sustainability through elucidating the business externalities as well as reporting to a more democratic group of stakeholder. This way, the practitioners can easily introspect how they are addressing the need for sustainable development and how they can better reach for the TBL goals by aligning the decisions on the perspective of economic, social and environmental dimensions. The emerging use of TBL planning in SEs has been found crucial in the study of (Boyer et al., 2008).
- Since SEs distinctly offer innovative and sustained business solutions for the social issues, they essentially strive to reach to the bottom of the pyramid. They deliver different kinds of products or services especially targeting the marginalised or poor

sections of the societies. Thus in close connectivity with TBL attribute, the factor of scale innovation at BoP finds high appropriateness in SE planning. As reinforced from the conclusions of few in-depth interviews, the SEs in India are progressively adopting the BoP approach (given by Dr C.K. Prahalad) as a strategy to approach the market with 'small unit packages, high volume, low margin per unit and 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, and the high uncertainty limits its value.

- The risk taking propensity has been found as significant in regulating the entrepreneurship behaviour within firms (Gudmundsson and Lechner, 2014; Lumpkin and Dess, 1996; Wiklund and Shepherd, 2003). However, on account of the peculiar features underlying S-ENT ventures, the factor of risk taking may sometimes be subdued in SEs. However, it is being argued that S-ENT venturing can be considered as riskier than the traditional businesses. With relatively inexperienced and under resourced marketing and R&D vision, applying and leveraging conventional business models can become a potential challenge for SEs. Furthermore, while seeking to target BoP, the social entrepreneurs fundamentally create both the value chain, market access and even the new markets as well. Consequently, the propensity to assume personal risk and willingness to commit resources to uncertain business environment is integral to S-ENT endeavours. To commensurate with the above, the recent time has seen emerging evidences which suggest risk taking along with other attributes of entrepreneurship orientation as linked to strategy identification and entrepreneurial decisions within SEs (Kim et al., 2010).

It is surprising to see that the marketing related factors such as social marketing strategies (F17) and marketing knowledge and skills (F8), which have been considered important in other S-ENT contexts (Boyer et al., 2008; Madill and Ziegler, 2012; Oprica, 2013; Satar et al., 2016), were ranked fairly low by Indian SEs although they were included in the CSF list. However, the interviews revealed that there are dissimilar opinions of non-profit SEs about marketing factors compared with those of SEs operating in for-profit or hybrid mode. Collectively, the interview identified the lack of marketing knowledge and skills in Indian social entrepreneurs as the potential aspect in the way of initiating strategic marketing in such enterprises. The findings objectively correlate with the study findings of Satar et al. (2016) who argued that since marketing in SEs has to realise some bigger goals (like bringing the required social change), the results of such marketing strategies take comparatively longer time to realise. Thus, it may obscure the entrepreneur from realising the strategic potential of marketing for their venture process.

The other factors found at the bottom of the ranking list include: F10 (Mission consistency), F23 (Familiarity with technology) and F26 (accounting and records keeping). This indicated that the surveyed SEs did not find the problem of mission drift as the potential obstacle in achieving the firm growth and consequent scale up of social impact. This outcome of present survey can lead to many elucidations; however one possible rationale to consider would be the emergent nature of Indian SE sector. Consequently most of the Indian social entrepreneurs have typically not yet actualised the tremendous growth of SE ventures which could have fetched them situations like mission

drift. It is pertinent to mention that the drifting away of social entrepreneurs from social missions of SEs is an emergent issue of strategic importance.

It is interesting to note that the importance of familiarity with technology is ranked as one of the factors at the bottom of list. Interestingly, the small standard deviation score of the factor signifies that it has been viewed more consistently by the respondents. This appears to strongly differ from the results of initial review and qualitative interviews. One of the major reasons for the limited appreciation of factor as reported by the interviewees is that the investment in technology demands significant investment of resources at a time where the benefits are difficult to estimate. The SE managers would remain averse to technology investment unless definitive evidence on performance was established. This appears to correspond with the findings of the researchers who have contended that the use of innovation in the context of SEs tends to be more of social innovation (financial or commercial relationships) rather than through technological innovation in products or services (Peattie and Morley, 2010). Hence, it could be argued that factors like lack of I.T. awareness; dearth of I.T trained individuals, I.T. infrastructure etc. coupled with resource constrained environment desolates the SEs from advocating the use of I.T.

The factor of accountability and records keeping (F28) was considered least important in the survey. Despite an increasing demand for transparency and accountability in non-profit sector (Drucker, 1990; Kahn, 1992), the SEs seem to lack its realisation. The discussions suggest that the intricacy of measuring and recording the performance on double bottom line objectives limits the social enterprise's aptitude of continuous performance assessments. However, need for accountability and transparency has increased in the recent past in accordance with increasing investor's quest for SE returns. While the evaluation of outcomes will enable the SE to gauge its success, the recording and reporting of the business and non-profit transactions will ensure greater degrees of transparency and accountability towards their funders and other stakeholders. The study in parallel revealed the convincing perception of Indian social entrepreneurs towards adopting TBL approach for comprehensive assessment of their business activities.

In consideration of the results derived from the relative ranking of above factors, the S-ENT stakeholders ought to provide utmost priority and sufficient resources to the most important CSFs. The knowledge, management performance and follow up of these CSFs would provide a vehicle for guiding S-ENT practitioners in utilising their competitive resources more efficiently and thereby improve the competitive advantage of their ventures.

4.2 Factor analysis

The statistical analysis in the previous section identified 28 CSFs explaining the S-ENT success of SEs. However, most of the factors undeniably are interrelated and thus represent an amalgamated list. In order to allow for a more simplification, easy practitioner interpretation and to have a clear and concise answer to our central research question of- What are the S-ENT CSFs for SEs?, a mechanism for categorising the CSFs was adopted in this section. An effective method for obtaining a smaller and uncorrelated set of factors under such circumstances is the factor analysis.

The factor analysis has widely been used as a data reduction or structure detection statistical technique. Therefore, factor analysis is fundamentally applied as a statistical technique to determine a relatively smaller, manageable and uncorrelated number of

factors based on a particular number of inter-related quantitative variables. The factor analysis is regarded as an efficient technique for data reduction which minimises the loss of information during the extraction process (Field, 2000). Thus, a complex phenomenon can be interpreted via few interpretable latent factors (deepest fundamental variables). The resultant factors can be used to represent relationships amongst numerous interrelated variables (Kline, 1994). Although factor analysis constitutes a set of complex statistical procedures, yet its use is more frequent due to the advent of dynamic computer soft wares and packages (ibid).

Table 3 Results of factor analysis for the S-ENT CSFs

<i>Cluster</i>	<i>CCSF</i>	<i>CCSFS</i>	<i>Cluster</i>	<i>CCSF</i>	<i>CSFs</i>
1	CCSF1 leadership	F14 Clear social entrepreneurship vision F1 Trust Building F7 Strong dedication to social mission F42 Innovativeness of the entrepreneur F20 Risk taking propensity of the entrepreneur	4	CCSF4 Innovative financing	F36 Access to finance F6 Unconventional financing F5 Social impact evaluation
2	CCSF2 social enterprise planning	F25 Triple bottom line planning F30 Scale innovation at bottom of pyramid F41 Innovative design and delivery of products/services F40 Business planning skills	5	CCSF5 Human capital	F19 Motivation of employed people F13 Competent staff F9 Human resource retention F3 Social business values
3	CCSF3 community engagement	F26 Democratic stakeholder base F24 Beneficiary engagement of local communities F2 Social capital F43 Inter-organisational coordination	6	CCSF6 Legal support	F39 Enabling Government policy at state and local level F16 Choice of legal structure
			7	CCSF7 Social enterprise marketing	F17 Social marketing strategies F8 Marketing knowledge and skills

For the present study, the exploratory factor analysis was systematically conducted to reduce and summarise the 28-items/CSF into a relatively smaller group of linear components retaining most of the information in the original data set. At the outset, after entering the survey opinion data into the SPSS software, the initial testing of Bartlett test of Sphericity and Kaiser-Meyer-Olkin (KMO) statistic measure of sample adequacy were carried out. As per the results, the KMO value of 0.602 and Bartlett's test of Sphericity value of 463.007 (with the associated significance level of 0.0000) is obtained. The values are meritoriously valid to accept the sample for factor analysis (Hair et al., 2006).

The commonalities for all the extracted items were obtained from 0.5 to 0.728 which indicated a good data set. The principal component analysis with Varimax rotated component matrix (convergent in 6 rotations) was applied to derive the factor loadings and consequent grouping of the items. Subsequently all the items with factor loadings equal to or greater than 0.50 were clustered together in order to constitute separate dimensions (Hair et. al., 2006). Pertinently, the items which cross-loaded (with values ≥ 0.50) on two or more factors were dropped (CSF10 and CSF15). Further, the item (F26) was also dropped on the grounds that it was a single loaded item factor and thus may be weak and unstable (Costello and Osborne, 2005). Consequently the analysis generated seven-factor solution with eigenvalues exceeding 1.0, explaining 87.33% of the variance. The factor grouping is shown in Table 3.

4.3 Analysis of dimensions

The resultant analysis produced a reduced data set of seven clusters/factors containing 24 items /CSFs. For further interpretation, each factor/cluster will be given a nomenclature and can be called as crucial critical success factors (CCSFs) and thereof each CCSF constitutes a combination of the CSFs. The seven factors /CCSFs are shown in Table 3 and are discussed below.

CCSF1 contains five CSFs with fairly high loadings of 0.729 to 0.866. CCSF2 has four CSFs with equally high loadings of 0.629 to 0.802. CCSF3 has also got four CSFs with fairly high loadings of 0.666 to 0.802. CCSF4 comprises of three CSFs with near similar loadings of 0.647 to 0.783. Likewise CCSF5 contain four CSFs respectively with equally high loading scores of 0.723 to 0.842. The last two clusters, CCSF6 and CCSF7 each have only two CSFs. Though they may not be considered strong clusters (Costello and Osborne, 2005), the high loadings range of 0.889 to 0.778 in items/CSFs suggest them to be consistent and stable clusters and hence were considered. Each CCSF with eigenvalue of more than 1.0 was actually considered. Cumulatively, all seven of them explained 87.33% of total variance with CCSF1 explaining the major share of variance with 38.4%, closely followed by CCSF2 (14.03%), CCSF3 with 12.44% of variance.

The consequent naming and implications of all the seven CCSFs is discussed below.

4.3.1 Cluster 1(CCSF1): leadership

This corresponds to all the attributes relevant to leadership dimension in SEs. The five different aspects of leadership are included: clear S-ENT vision (CSF14), innovativeness (CSF42), trust building (CSF1), strong dedication to social mission (CSF7), and risk taking (CSF20). The above outcome is in line with the researches of Sharir and Lerner (2006), Christie and Hong (2006) who have strongly supported the notion that the people joining SEs must be having a total dedication to the venture success and besides having

an entrepreneurial DNA (Andres, 2013), must have passion for solving social issues (Emerson and Twersky, 1996; Thompson et. al., 2000). Moreover, leadership in the context of S-ENT comes with diverse challenges and dilemmas. Thus, the S-ENT situation demands an optimum trade off of leadership characteristics in order to exercise strong control of leadership action over the various aspects of SE development and success. For example unlike commercial entrepreneurs, social entrepreneurs emerge as highly collaborative leaders (Catford, 2000; cited in Johnson, 2000). They network across diverse group of stakeholders and arrive at a common goal. In the process of realising the social change, the social entrepreneurs infuse and build trust in a broad base of stakeholders in order to communicate their vision (Alvord et al., 2004; Austin et al., 2006; Catford, 1998; Emerson and Twersky, 1996). Thus, trust building can be regarded as the hallmark attribute of S-ENT leaders. There is significant consensus that leaders in general demonstrate high degrees of innovativeness, opportunity perception and risk taking abilities with the willingness to push beyond traditional boundaries. They have been found to act as change agents and coordinators in channelising the energies of different stakeholders towards organisation's vision and mission (Lewin, 1947). To conclude, leadership as a crucial component of S-ENT success has to be effective in terms of perceiving an opportunity for social value creation, exercising a collaborative leadership style, volunteer service orientation, strong and sustained motivation and commitment to social cause (to thwart mission drift), and innovativeness etc.

4.3.2 Cluster 2(CCSF2): social enterprise planning

This construct portrays the distinctive attributes of strategic planning in SEs. The four CSFs falling in cluster-2 are relevant to SE planning and strategy formulation. While planning has been observed as a resource intensive process, the essentiality of it cannot be overlooked in business decision making. The SEs typically representing bottom-up approach of development, demonstrate immense involvement and the delivery of effective solution to the issues requires planning much larger than the commercial counterparts. However, since majority of the SEs lack significant resources, they find it challenging to undergo a comprehensive strategic planning process. Nonetheless, the importance of developing efficient plans and business planning skills in SEs has been advocated by different researchers. For instance; business plans for social enterprises would ensure 'clarity of direction', 'knowledge of the market place', 'strong commitment from stakeholders' and 'attract investment' (Dees et al., 2002). Various authors have consented with the claims of Dees et al. (2002), in proposing that the business planning skills of SEs are vital success factor(s). For example, Scott, (2001) writes that successful social enterprises begin with a "sound business plan ... identifies future challenges, engages key stakeholders ... is the process of testing assumptions and adjusting accordingly that is the bedrock of disciplined effective management". Further, it has been found that efficient planning skills of key members of economic or social enterprise are emerging as vital elements of their business start-up needs (Bull, 2007; Smallbone et al., 2001; Thompson, 2000). Besides ensuring a range of beneficial outcomes, business skills of social enterprises would enable the key members to raise finance from diverse sources (Darby and Jenkins, 2006).

The survey outcome and post survey interviews suggested that planning in SEs shall strategically cater to two broader perspectives:

- 1 the business level planning
- 2 sustainability planning.

The business level planning will have an explicit focus to identify and measure the revenue or profit drivers, develop strategies to allocate resources and take advantage of different business lead opportunities. Alternatively, the business level planning will ideally act as a strategic guide for social entrepreneur leaders to continuously assess the strengths, weakness, opportunities and challenges of social enterpriSEs profit generating policy.

Sustainability planning shall be perceived as distinctive and foremost planning function in SEs. Besides ensuring the SE is ideally pursuing a desired TBL mission, the sustainability planning sets out a range of values that the enterprises must pursue in order to drive a sustainable business. A deliberate alignment of SE goals with the TBL intents would not only fetch sustainable strategies for short and longer term benefits but will also guide on how the economic benefits shall be shared or reinvested with the broader perspective of social objectives. The sustainability design for SEs in varied forms has been advocated by different authors from time to time (Boyer et al., 2008; Conti, 2002; Slaper and Hall, 2011).

4.3.3 Cluster 3(CCSF3): community engagement

CSFs in this cluster concern social enterprise's networking with broader stakeholders and engagement with local communities through ensuring greater degrees of social capital, a wide democratic stakeholder base and coordination with diverse institutions. Obviously, the social relation and interaction networks of entrepreneurs are pivotal to the entrepreneurial process.

Network connections of enterprises have been acknowledged to fetch contexts through which the ventures can gain 'additional resources' (Adler and Kwon, 2002), 'knowledge' (Floyd and Wooldridge, 1999), information (Birley, 1985; Smeltzer et al., 1991), and '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 and Nurick, 1993). Thus, the role of networking in bringing the necessary resources, information, skills and experience becomes an indigenous element for new venture creation (Davidsson and Honig, 2003) and an essential element for the subsequent business development of the enterprises.

The notion is particularly emphasised by the distinctive community empowerment motive of social businesses (Datta and Gailey, 2012), which suggests that S-ENT is essentially a socially embedded process and the SEs primarily strive to integrate the poor into the market system as producers rather than consumers (e.g., The Grameen Bank; Barefoot College India). The distinctive and potential attributes of community engagement suggested by this survey include: ensuring a wide democratic stakeholder base (F26) for an inclusive community representation; beneficiary engagement of local communities (F24) for greater empowerment, integration and social capacity building; gaining and exercising higher levels of social capital (F2) for more trustworthy and coordinated actions; inter-organisational coordination (F43) for establishing and managing a broad set of relationships with diverse managers, volunteers, board members, partners and funders from Government and other institutions (the classical illustration to

mention here would be the case of ‘Barefoot College’ and ‘Goonj’ in India, who are successfully lobbying and collaborating with Government, certain corporate companies, and Indian military for propagating their processes, ideas, and activities).

4.3.4 Cluster 4(CCSF4): innovative financing

The CSFs in cluster 4 are factors are related to the critical issue of financing in SEs. The awareness and accessibility of various financing and fund raising options has been found as significantly impacting the business start-up and proliferation of enterprises working at BoP segment in developing countries (Asian Development Bank, 2012; Bhide, 2000; Gaurang, 2014; Kumari et al., 2010; Lingelbach et al., 2008). The SEs have to necessarily find innovative means of financing themselves in such under-developed financial markets of developing countries. While recognising that the criticality of financing in SEs, the interviews generated suggestions and proposed solutions for SEs in the form of three CSFs under innovative financing cluster, i.e.:

- 1 The access to finance (F36) for an improved awareness and access to different financing options available within the geographies of a SE.
- 2 Unconventional financing (F6) for employing extremely innovative means of financing themselves. For illustration; bootstrap financing; or the platforms for informal financing by Chinese entrepreneurs (Tsai, 2002).
- 3 Social impact evaluation (F5) for devising and applying some sound metrics for key construct measurement of economic yield and social impact.

4.3.5 Cluster 5(CCSF5): human capital

The intricacy of finding the right pool of human resources with the competencies required to operate organisations with both financial and social missions has been stressed in diverse studies (Christie and Honig, 2006; Emerson and Twersky, 1996; Sharir and Lerner, 2006; Thompson et al., 2000; Weerawardena and Mort, 2006). People have been identified as providing the requisite key managerial support by becoming the active participants in teams and are deemed as vital attribute for new venture success (Sahlman, 1996).

The complexity of pursuing the dual objectives (social and commercial) simultaneously makes the human resource decisions more complex for a social enterprise than it is for either commercial profit or traditional not-for-profit ones. The distinctive challenge for human resource for a SE would consequently be to hire people with desired combination of dual skills, motivating and maintaining their non-profit commitment at different stages of firm birth and growth, and retaining them in situations where there is least profit/competent salaries gaining avenues. Thus the leaders have to take care of such specific dilemmas. In consideration of this need, the SE must cherish an organisational culture manifesting the strong social business values (Light and Dana, 2013). The espoused cultural values will expectedly serve as ‘social glues’ in integrating the skills and values of people in line with the social enterprise’s BoP goals.

4.3.6 Cluster 6(CCSF6): legal support

The cluster 6 comprises of CSFs pertinent to legal and Government support for SEs. SEs depend on different kinds of support actors like entrepreneurs, civil society, academicians, state actors, funders or incubators etc. for their establishment and subsequent management (Satar, 2016; Dana, 2000). As a broad-based enabler, the Government's role in promoting the development of social enterprises cannot be overlooked. The Government can engage in social enterprise development process by providing the contexts through which the support can flow. For example, under social enterprise promotion act of South Korean Government, the South Korean social enterprises are provided with Government support like 'administrative management support (funds for business consulting, accounting programs, and hiring certain accounting and marketing professionals); financial support (funds for salaries and insurance for employees for certain jobs up to a certain amount), tax support and social entrepreneur fostering support' (S-ENT classes at the MBA level at universities and graduate schools).

Ideally, in India, an enabling government policy at national and regional levels can empower the potential for creating a national social entrepreneurial milieu especially in a context where one doesn't exist. Further, the much needed legal support to SEs in India can be provided by instituting a legal framework, to suit the contextual needs and specificities of Indian S-ENT culture. The provision for such legal necessities will rightly enable the Indian SEs to exercise an appropriate choice of a legal structure, in opening up opportunities for fiscal incentives/relief; in clarifying the SE definition and missions, in providing access to public resources and support; and in developing the measures for social impact evaluation etc.

4.3.7 Cluster 7(CCSF7): social enterprise marketing

The factors in cluster 7 are CSFs indicating the marketing ability of a SE business. As suggested by Madill and Ziegler (2012) and Satar et al. (2016), marketing is projected to offer potential benefits for social enterprise missions. However, marketing in SEs has distinct implications from that of commercial entrepreneurial firms as SE missions are diverse and not 'uniform'. The intricacy of pursuing dual objectives often creates strategic marketing decisions dilemmas for a SE. It was found that marketing in SEs is generally directed to bring some socially desirable long term behavioural change in the target segment. Thus, an appropriate consideration generated out of the survey is the strategic use of 'social marketing' elements for social missions of SEs. It is worth noting that in the survey 'social marketing' (F17) and 'marketing knowledge and skills' (F8) were comparatively perceived as less critical by Indian SEs. This is echoed by the fact that SENT practitioners largely remain unaware about the potential of marketing in organising the SE missions (Satar et al., 2016). Consequently, marketing knowledge and skills in key SE members was cited as the too crucial for initiating the use of social marketing in their enterprises.

5 Conclusions

The rising growth and importance of SE sector, which is characterised by intricate and fascinating process of S-ENT, offers huge potential and abundant opportunity to practitioners that motivates them to search for information on how SEs are exposed to and influenced by different factors in their growth and ensuing scale up of social impact so that they may effectively get through the various dilemmas and complexities of S-ENT process in a more professional and business oriented way. The success in S-ENT venturing is determined by a large number of factors. It is extremely challenging to satisfy all the factors simultaneously as S-ENT practitioners face constraints in terms of time, money, manpower, internal capacities and management efficiency. Therefore, identifying and prioritising a list of CSFs is valuable for enabling the practitioners to be more focused in order to pursue dual objectives (social impact and economic outcome) and at the same time work efficiently in a resource constrained environment.

It has been revealed through the ranking analysis that there are 28 factors contributing to the S-ENT success in Indian SEs. The most important factors include 'a clear S-ENT vision', 'access to finance', 'an enabling government policy at the state and local level', 'trust building' and 'business planning skills in key individuals of social enterprise'. It is worthy to note that factors like 'I.T. application' and 'accountability and records keeping' were comparatively considered as least important in determining the S-ENT success in Indian SEs. Further, the factor analysis generated seven-clusters from the 28 CSFs formerly identified by the ranking analysis. Those seven-clusters represent crucial CSFs affecting a social enterprise's S-ENT success. The seven crucial CSFs are 'leadership', 'social enterprise planning', 'community engagement', 'innovative financing', 'human capital', 'legal support', and 'social enterprise marketing'. The seven factor clusters provide a structured framework for investigating the individual CSFs and their different levels of contribution to S-ENT success.

5.1 Managerial implications

The framework will ideally assist the practitioners in identifying the appropriate decisions required for resource allocation. The findings of this thesis are of great help to practitioners and other S-ENT stakeholders to apply this information in recognising the substantial role that CSFs play in influencing the SE outcome and thereby plan an organised and wellstructured strategic management that will best suit the nature of SE under consideration. Alternatively, the knowledge, appreciation and consequent management of CSFs/areas will ensure that the SE is professionally building and guarding its competitive advantage while simultaneously driving organisation success.

5.2 Academic relevance

The S-ENT philosophy is still considered to be in its budding phase. There is absence of theory or systematic data that could be shared for bringing symmetry in S-ENT research. The present study accordingly attempted to identify, explain and understand new variables, or relationships and thus generating new knowledge. The pioneering insights can be utilised by academicians for theory building and further analysis in the field.

6 Limitations and directions for future research

Although, the study outcomes favour and support some of the popular notions, yet the researcher contemplates the existence of following limitations and hence proposes the need for further research in this direction.

- All of the identified and analysed CSFs and CSF categories have been declared as significance in different types and natures of SEs under consideration. Consequently, there arises the need to find out the significant differences in the degree of importance of outlined CSFs across different demographic parameters of SEs.
- The study finding of CSFs (for example leadership) as the top most CSF category(s) represents the result of ratings of entire bunch of SEs when examined collectively. However, the priority of the same may differ specifically as per the type/nature of social enterprise when analysed exclusively. The practitioners must weigh the contextual specificities' while prioritising the discovered CSFs from this study.
- The study covered SEs operating in diverse socio-economic sectors within India. However, the study failed to elicit equal proportion of responses from SEs within each sector. Therefore, due to the disproportional representation, the study outcomes can be generalised with caution to SEs from socio-economic sectors with comparatively lesser proportion. It would be more significant if the participants represent an equal amount of SEs from each socio-economic sector of SE operation in India; hence furnishes a need for future research.
- Due to limitations of time, funds as well as the willingness of the respondents and despite utilising the web based survey tools to access remote SEs across India, the sample couldn't be larger than the present one. This may limit the generalisability of the study results. Nevertheless, the researcher strongly believes that the identified concepts and relationships will lay the foundation for introduction of more methodological fit for propagating the budding S-ENT research. The replica of the present study can be tested in larger and more representative samples within India employing more rigorous quantitative methodologies.
- An utmost amount of efforts were put-forth by the researcher to survey an extensive range of factors covering almost every credible area of social enterprise operation in India. The survey on account of its coverage of social enterprise CSFs, received high applauses through personal gratifications by almost all participating respondents. Still, the researcher feels that on account of multidimensional and widespread nature of SEs in India, there lies the scope of further probing to rule out possible omission of any novel factor(s)/ or S-ENT social-economic sector within India.
- The absence of pertinent existing or precedent studies in the Indian SE landscape constituted another important limitation for the present research work. In consideration of above, the researcher reviewed the arsenal of global literature and keenly captured the minutest details of pertinent emerging information by following the news and periodicals, conferences and seminars as well as interactions with the known practitioners of S-ENT on various news and social media platforms for a considerable period of time. In spite of above, the researcher feels the lack of a

strong literature thread for the sake of achieving a step by step progress in S-ENT research in India.

- India represents a country of diverse social structures and cultural values. The diverse conservative norms have historically influenced entrepreneurship in general within India. Therefore, there may be the possibility of respondent's bias concerning their views based on social point of view. Similarly, the nature of SENT CSFs may change as the Indian SE market is evolving rapidly. Thus there arises the need for managers to periodically investigate CSFs as well as the management of S-ENT success in Indian SEs.

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Major Challenges and Problems of Rural Entrepreneurship in India

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Abstract: Nowadays Rural entrepreneurship is a major opportunity for the people who necessarily migrate from rural areas or semi-urban areas to urban areas. It is also a fact on the contrary that the majority of rural entrepreneurs are facing many problems due to non availability of primary amenities in rural areas especially in developing countries like India. Financial problems, Lack of education, insufficient technical and conceptual ability at present it is too difficult for the rural entrepreneurs to establish industries in rural areas. Certainly the economic development of our country largely depends on the development of rural areas and also the standard of living in its rural mass. For the economic development of a country and of regions within the country rural entrepreneur is surely one of the most important inputs. Today entrepreneurs are also driven to achieve success in their business along with the qualities inherited by them of a dreamer, leader, manager, innovator, continuous learner, and decision maker and most important is to implement all these qualities into the work. Certainly entrepreneurs set the example of turning their dream into reality. More importantly the story behind to achieve the dreams into reality is to set massive goals for themselves and also stay committed to achieving them regardless of the obstacles they get in the way with the unmatched passion and the ambition towards achieving the goal. Undoubtedly it looks attractive, fascinating and motivating after listening the stories of the entrepreneurs, but for sure success is not as easy as it looks always. There are certainly some obstacles which we call challenges to overcome by looking forward the prospects to be a successful entrepreneur. The paper also makes an attempt to find out the challenges and problems for the potentiality of rural entrepreneurship. It also tries to focus on the major problems faced by entrepreneurs especially in the field of marketing of products, other primary amenities like water supply, availability of electricity, transport facilities, required energy and financial amenities. In the light of this research paper focuses on the major challenges and problems available in the Indian market by en-cashing the possibilities and prospects of the same to be an able and successful entrepreneur.

Keywords: Rural entrepreneurs, Innovator, economic development, conceptual ability, continuous learner

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I. Introduction

Concept of rural entrepreneurship: Today rural entrepreneurship has emerged as a dynamic concept. In general parlance rural entrepreneurship is defined as “entrepreneurship emerging at village level which can take place in a variety of fields of Endeavour such as industry, business, agriculture and act as a potent factor for overall economic development. Compared to earlier days development of rural areas have been linked to entrepreneurship. Defining entrepreneurship is not an easy task. Entrepreneurship means primarily innovation to some, to others it means risk taking? To others a market stabilizing force and to some others it means starting, managing a owning a small business. An entrepreneur is a person who either creates new combination of production factors such as new products, new methods of production, new markets, finds new sources of supply and new products and new organizational forms or as a person who is necessarily willing to take risks or a person who by exploiting market opportunities, eliminates disequilibrium between aggregate demand and aggregate supply or as one who owns and operates a business.

What is Rural Entrepreneurship?

In simple terms “entrepreneurship” is the act of being an entrepreneur, which can be defined as “one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods”. The problem is essentially lopsided development which is a development of one area at the cost of development of some other place, with concomitant associated problems of underdevelopment. For instance, we have seen underemployment or unemployment in the villages that has led to major influx of rural population to the cities. At present what is needed is to create a situation wherein the migration from rural areas to urban areas

comes down. Migration per se is not always undesirable but it should be minimum as far as employment is concerned. Indeed the situation should be such that people should find it worthwhile to shift themselves from towns and cities to rural areas because of realization of better amenities and opportunities there.

Rural Entrepreneurship in India:

Who should necessarily be capable of making use of the government schemes and policies for the betterment of rural people? Some individuals who happen to be NGO's and local leaders and also who are committed to the cause of the rural people have certainly been the catalytic agents for development. Though their efforts need to be recognized and lauded, yet much more needs to be done to reverse the direction of movement of people i.e., to attract people to rural areas which means not only stopping the outflow of rural people but also attracting them back from towns and cities where they had migrated. This can be made possible only when young people consider rural areas as places of opportunities. Despite all the inadequacies and in competencies in rural areas one should assess their strengths and also build upon them to make rural areas places of opportunities. This is much more to do with the way one sees the reality of the rural areas. The way a job seeker or survivor would see things would certainly be different from those who would like to do something worthwhile and are also ready to go through a difficult path to achieve their destined goals. It isn't that there is a dearth of people with such a mindset. But due to various compilations they change their minds and join the bandwagon of job seekers. Enabling the public to think positively, creatively and engaging them purposefully in entrepreneurship activities is most important for the development of rural areas. Young people with such perspective and also with the help of rightly channelized efforts would certainly usher in an era of rural entrepreneurship.

Some of the basic principles of entrepreneur which can be applied to rural development are:

- Optimum and full utilization of local resources in an entrepreneurial venture by rural population –Better distributions of the farm produce results in rural prosperity
- Entrepreneurial occupation opportunities for rural population to reduce discrimination and also providing alternative occupations as against the rural migration
- To activate such system as to provide basic '6M'- Manpower, money, materials, management, machinery and market to rural population

Rural entrepreneurship in changing environment:

The changing global environment raises many questions about the ability of traditional, small scale businesses in rural areas to share the potential benefits which is offered by the changing environment. The rapid (though declining) population growth which is coupled with even faster urbanization, creates increasing demands. In India semi urban and urban populations in general grow about twice as fast as the overall total population and by 2020 they may exceed the size of rural populations. Such a major demographic trend challenges the capacities of some traditional small scale businesses to cope up with the increasing demands and supply.

Rural Entrepreneurship and development of villages:

Rural entrepreneurship certainly implies entrepreneurship emerging in rural areas. In other words establishing the industry in rural areas is referred to as rural entrepreneurship. This means that rural entrepreneurship is synonymous with rural industrialization. Many such examples of successful rural entrepreneurship can already be found in literature. Diversification into non-agricultural uses of available resources such as blacksmithing, catering for tourists, carpentry, spinning etc as well as diversification into activities other than those solely related to agricultural usage like use of resources other than land such as water, woodlands, buildings, local features and available skills all fit into rural entrepreneurship. The entrepreneurial combinations of these resources are for example tourism, sport and recreation facilities, professional and technical training, retailing and wholesaling, industrial applications (engineering, crafts), servicing (consultancy), value added (products from meat, milk, wood etc) and the possibility of off-farm work. Equally entrepreneurial are new uses of land resources that which enable a reduction in the intensity of agricultural production, for example, organic production. Some of the major opportunities in rural entrepreneurship are:

- A. Better distribution of farm produce which results in rural prosperity
- B. Entrepreneurial occupation for rural youth resulting in reduction of disguised employment opportunities and alternative occupations for rural youth
- C. For optimum and maximum utilization of farm produce formation of big co-operatives like Amul
- D. Optimum utilization of local resource in entrepreneurial venture by rural youth

On the contrary, Indian agriculture is characterized by low productivity, flood, and exposure for vagaries of nature like drought, other natural disasters and weaknesses like mismatch between agricultural and cash crops, inadequate infrastructure to provide for value addition, wide disparity which exists between public-

private partnership in agricultural development. Land being limited is unable to absorb the entire labour force throughout the year leading to large scale underemployment and unemployment. Rural people, in search of jobs and better livelihood opportunities often migrate to urban centers creating unwanted slums and also live in unhygienic conditions of living. In the above mentioned trend if employment opportunities are made available in rural areas along with basic amenities of life.

Peter Drucker had proposed that 'entrepreneurship' as such is a practice. He says entrepreneurship is not a state of being not is it characterized by making plans that are not acted upon. Entrepreneurship certainly begins with action and creation of new organization. This organization in the long run may or may not become self-sustaining and in fact, may never earn significant revenues. But, when individuals create a new organization they have truly entered the entrepreneurship paradigm. Balanced and sustainable development is certainly the need of the hour and it can be made possible only when rural areas flourish. Growth of rural entrepreneurship may lead to reduction in poverty, pollution in cities, growth of slums and ignorance of inhabitants. It also helps in improving the literacy rate and improving standard of rural people. Rural industries include traditional sector and modern sector. Former consists of khadi and village industries, sericulture, handloom and coir industries while the latter includes power loom and small scale industries.

Major objectives of study:

1. To analyze the roles of rural entrepreneurs in economic development
2. To know the major benefits from rural entrepreneurship
3. To study the problems in rural entrepreneurship
4. To suggest some remedial measures to solve the problems faced by rural entrepreneurs
5. To analyze the effect of globalization on rural entrepreneurship
6. To study the major challenges faced by rural entrepreneurship in India
7. To analyze some of the major management problems for rural entrepreneurs
8. To suggest some of the major remedies to solve problems in rural entrepreneurship

Role of rural entrepreneurs in economic development

The entrepreneurs with their ability to scan, identify and analyze opportunities in the environment transform them into business proposition through creation of major economic entities there by channelizing the resources from less productive to more productive use create wealth. Through effective and efficient utilization of natural and national resources, they act as catalysts for economic development and also agents of social change and transformation. According to Joseph Schumpeter, the rate of progress of any nation depends upon its rate of innovation which in turn also depends on the rate of increase in the entrepreneurial talent in the population. According to Meir and Baldwin, development does not occur spontaneously as a natural consequence when economic conditions and consequences in some sense are right.

A catalyst is certainly needed which results in entrepreneurial activity to a much considerable extent. The diversity of activities that which characterizes rich countries can be attributed to the supply of entrepreneurs. They play a vital role for the economic development of a country in the following ways:

1. Formation of capital: Entrepreneurs as such by placing profitable business proposition do attract investment to ensure private participation in the industrialization process. The otherwise idle savings are also channelized for investment in business ventures in turn provides return. Again the savings are invested giving a multiplier effect to the process of capital formation.
2. General Job creators and job providers and not the job seekers: With the globalization process the government jobs are shrinking thus leaving many unemployed. In these circumstances, the entrepreneurs and their enterprises are the only source and hope of direct and indirect employment generation. Employment is generated directly by the requirement of the large enterprises and also indirectly by ancilliary and consequential developmental activities.
3. Balanced regional development: Entrepreneurs always look for opportunities in the working environment. They capitalize on the opportunities of governmental concessions, facilities and subsidies to set up their enterprises in undeveloped areas. Classic example is setting up of steel plant at Tata Nagar, Reliance Petrochemicals at Jamnagar (Gujarat) which have resulted in the development of Good Township and peripheral regional development. Thus entrepreneurs reduce disparities and imbalances in development among regions where they operate.
4. Improvement in the standard of living: Entrepreneurial initiatives taken by entrepreneurs through employment generation leads to increase in income and also purchasing power which is spent on consumption expenditure. Certainly increased demand for goods and services boost up industrial activity. Large scale production with technological advancements will result in economies of scale and low cost of production. Modern concept of marketing involves creating demand and then filling it. New innovation

oriented and varying quality products at most competitive prices make common man's life smoother, comfortable and easier which are also contributions of entrepreneurial initiative.

5. **National Self-reliance:** Entrepreneurs are certainly the corner stones of national self-reliance. They help to manufacture indigenous substitutes to imported products which reduce the dependence on foreign countries. There is also wide possibility of exporting the goods and services to earn foreign exchange for the country. Hence, the export promotion and import substitution ensure economic independence and the country becomes self-reliance.
6. **Increase in per capita income:** Entrepreneurs convert the latent and idle resources like labour, land and capital into goods and services resulting in increase in the national income and in turn wealth of a nation. The increase in national income is thus an indication of increase in net national product and per capita income of the country.
7. **Planned Production:** Entrepreneurs are considered and best judged as economic agents since they unite all means of production. All the major factors of production i.e., land, labor, capital and enterprise are all brought together to get the desired production. This will help to make use all the factors of production with perseverance, proper judgement and knowledge of the world of business. The least combination of factors is possible avoiding unnecessary wastage of resources.
8. **Equitable distribution of economic power:** The modern world is dominated by economic power. Also economic power is the natural outcome of business and industrial activity. Industrial development may lead to concentration of economic power in few hands which results in the growth of monopolies. The increasing number of entrepreneurs helps in the dispersal of economic power into the hands of many effective and efficient managers of new enterprises. Hence setting up of large number of enterprises certainly helps in awakening the evil effects of monopolies. Thus, the entrepreneurs are key to the creation of new enterprises that energise the economy and also rejuvenate the established enterprises that which make up the economic structure.

Major benefits from rural entrepreneurship

Some of the major benefits of rural entrepreneurship can be described below as follows:

1. **Provide employment opportunities:** Rural entrepreneurship as such is mainly labor intensive and certainly provides a clear solution to the growing problem of unemployment. Mainly the development of industrial units in rural areas through rural entrepreneurship has high potential for income creation and employment generation.
2. **Balanced regional growth:** Rural entrepreneurship can dispel the concentration of major industrial units in urban areas and also promote regional development in a balanced way
3. **Check on migration of rural population:** Rural entrepreneurship can fill the lacunae and big gap and also disparities in income for rural and urban people. Rural entrepreneurship will bring in or develop infrastructural facilities like roads, power, bridges etc. It can help to check the migration of people from rural to semi urban and urban areas in search of jobs.
4. **Promotion of artistic activities in rural areas:** The age-old rich heritage of rural India is preserved by promoting and protecting handicrafts and arts through rural entrepreneurship
5. **Check on social evils existing in society:** The growth of rural entrepreneurship can reduce social evils like growth of slums, poverty, pollution in cities etc
6. **Awaken the rural youth:** Rural entrepreneurship can awaken the rural youth and also expose them to various avenues to adopt entrepreneurship and promote it as a career
7. **Improved standard of living:** Rural entrepreneurship will also increase the literacy rate of rural population. Their education and self employment will also prosper the community, thus increasing their standard of living.

Problems in Rural Entrepreneurship

Entrepreneurs certainly play very important role in the development of economy thus contributing to overall Gross Domestic Product of the nation. They face various problems in day to day life and work. As thorns are part of roses, in the same way flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under:

1. **Financial Problems:** Some of the major financial problems faced by rural entrepreneurs as follows:
 - a. **Paucity of funds:** Due to absence of tangible security and credit in the market most of the rural entrepreneurs fail to get external funds. Also the procedure to avail the loan facility from the banks is too time consuming that its delay often disappoints the rural entrepreneurs. Lack of finance available to rural entrepreneurs is by far one of the biggest problems faced by rural entrepreneurs nowadays especially due to global recession. Some of the major difficulties faced by rural entrepreneurs include low level of purchasing power of rural consumer so sales volume is insufficient, reduced profits due to competition, lack of finance

to start business, pricing of goods and services. Today financial statements are also difficult to be maintained by rural entrepreneur due to stringent tax laws, lack of guarantees for rising up of loans, major difficulty in raising capital through equity, dependence on small money lenders for loans for each they charge discriminating interest rates, huge rent and property cost. These all problems create a difficulty in raising money through loans.

Some banks have not ventured out to serve rural customers because banks are expensive to be reached by rural customers and once reached are quite often too poor to afford bank products. Poor people are often excluded from traditional financial market as they often have insufficient established forms of collateral or physical assets to offer. The government is providing subsidies to rural areas but due to high cost of finance, these subsidies are not giving fruitful results. Some of the major sources of finance in rural areas are loans from regional rural banks or from zamindars but their rate of interest is usually very high. The government has various institutions for this purpose but certainly the results are not up to the level expected. Industrial credit and Investment Corporation of India (ICICI), Industrial Finance Corporation of India (IFCI), and Small Scale Industry Development Bank of India (SIDBI) are some of the major national level (SFC) institutions that are helping out rural entrepreneurs. Some State level institutions are also working like State Financial Corporation and State Industrial Development Corporation (SIDC). These institutions also provide assisting for setting up of new ventures and side by side for expansion and modernization of existing ones but their terms and conditions are very strict to be handled. Various schemes like tiny unit scheme, composite loan scheme, scheme for technical entrepreneurs etc, had started but they are unable to meet the expectations of rural entrepreneur. Raising funds through equity is much more difficult for rural entrepreneurs because of lack of financial knowledge and also because of financial corpus which is low, so loans are the primary source of finance for them which proved to be a great obstacle in developing rural entrepreneurship. Various policies of RBI regarding priority sector lending have failed to achieve its objectives. Micro financing movements started in India well. Self help groups form the basic constituent unit of micro finance movement in India. Self help groups constitute a group of few individuals who pool their savings into a fund from which they can borrow as and when necessary.

- b. **Lack of Infrastructural facilities:** In spite of efforts made by government the growth of rural entrepreneurs is not very healthy due to lack of proper and adequate infrastructural facilities.
- c. **Rise Element:** Rural Entrepreneurs have very less risk bearing capacity due to lack of financial resources and external support.
2. **Marketing Problems:** Some of the major marketing problems faced by rural entrepreneurs are as follows:
 - a. **Competition:** Rural entrepreneurs face stiff and severe competition from large sized organizations and urban entrepreneurs. They incur high cost of production due to high input cost. Problem of standardization and competition from large scale units are some of the major problems faced by marketers. They face the problem in fixing the standards and then sticking to them. For the survival of new ventures competition from large scale units also creates difficulty. New ventures have limited financial resources and hence cannot afford to spend more on sales promotion and advertising. These units are not having any standard brand name under which they can sell their products. New ventures surely have to come up with new advertisement strategies which the rural people can easily understand. Literacy rate is one among many major problems faced by rural entrepreneurs and they should device strategies and remedies to solve it. Also printed media has limited scope and coverage in the rural context. Traditionally bounded nature, cultural barriers and cultural backwardness all add to the difficulty of communication. English and Hindi are not understood by many people as people in rural areas mostly communicate in their local dialects. It has been seen in the recent past that in spite of enough food stocks with government warehouses, people have died of starvation. This indicates a major problem with the public distribution system. The producers too are not collective in their approach for marketing their products because they are too widely scattered and uneducated.
 - b. **Middlemen:** Middlemen exploit rural entrepreneurs. Rural entrepreneurs are heavily dependent on middlemen for marketing of their products who necessarily pocket large amount of profit. Poor means of transportation facilities and storage facilities are also other marketing problems in rural areas. In most of the villages, farmers store the produce in open space, in earthen vessels, in bags etc. So these indigenous and traditional methods of storage are not capable of protecting the produce from weevils, dampness etc. The agricultural goods are not standardized and graded.
3. **Management Problems:** Some of the major management problems are as follows:
 - a. **Lack of Knowledge of I.T:** Information technology as such is not very common in rural areas. Entrepreneurs rely on internal linkages that which encourage the flow of services, goods, ideas and information. The intensity of family and personal relationships in rural communities can sometimes be very much helpful but they may also present obstacles to effective and efficient business relationships. Business deals may receive less than rigorous objectivity as well as intercommunity rivalries may reduce the scope

for regional cooperation. Lines of authority and decision making process are mostly blurred by local politics in rural areas.

- b. **Legal formalities:** In complying with various legal formalities and in obtaining licenses rural entrepreneurs find it extremely difficult due to ignorance and illiteracy. Also procurement of raw materials is really a tough task for many rural entrepreneurs. They may also end up with poor quality raw materials, which may also face the problem of storage and warehousing.
- c. **Lack of technical knowledge:** Rural entrepreneurs to a major extent suffer a severe problem of lack of technical knowledge. Lack of training facilities and other extensive services create a hurdle for the development of rural entrepreneurship.
- d. **Poor quality products:** Another important problem is growth of rural entrepreneurship is the inferior quality of products produced due to lack of availability of standard tools and other equipments as well as poor quality of raw materials.
4. **Human resource Problems:** Some of the major human resource problems found in organization are as follows:
 - a. **Low skill level of workers:** Most of the entrepreneurs working in rural areas are unable to find workers with high skills. In this case turnover rates are also high. They have to be provided with on the job training and their training too generally is a serious problem for entrepreneur as they are mostly uneducated and the training should be imparted in local language which they can understand easily. The Industries in rural areas are not only established just to take advantage of the cheap labour but also to bring about an integrated rural development. Rural entrepreneurs should not look at rural area as their market; instead they should see the challenges existing in urban areas and also be prepared for them. Rural entrepreneurs are generally believed to be less innovative in their thinking. Youths in rural areas have very little options and they are made to believe this. This is the reason as to why many of the youths either prefer to work at farm or else migrate to urban areas.
 - b. **Negative attitude:** Sometimes environment in the family, society and support system is not much conducive enough to encourage rural people to take up entrepreneurship as a career. It may be certainly due to lack of awareness and knowledge of entrepreneurial opportunities. Young and mostly well educated youths mostly tend to leave. As per circumstances, rural people by force may be more self-sufficient and capable when compared with their urban counterparts, but the culture of entrepreneurship tends to be weak. Continuous motivation is needed in case of rural employee whom is sometimes very much difficult for an entrepreneur to impart with.

Remedial measures to solve the problems faced by rural entrepreneurs

Different organizations like IFCI, SIDBI, ICICI, NABARD etc are trying to sort the major problems faced by rural entrepreneurs. Marketing problems are mainly related with pricing, distribution channels, product promotion etc. In order to make the rural entrepreneurs to state the business venture, following measures may be adopted:

- a. **Creation of finance cells:** Banks and financial institutions which provide finances to entrepreneurs must create special cells for providing easy finance to rural entrepreneurs
- b. **Concessional rates of Interest:** On easy repayment basis and at concessional rates of interest the rural entrepreneurs should be provided finances. The cumbersome formalities should necessarily be avoided in sanctioning the loans to rural entrepreneurs.
- c. **Offering training facilities:** Training is essential for the overall development of entrepreneurships. It also enables the rural entrepreneurs to undertake the venture successfully as it certainly imparts required skills to run the enterprise. At present the economically weaker entrepreneurs of the society are necessarily offered such training facility by government of India regarding skill development of the existing entrepreneurs so that rural entrepreneurs can indeed generate income as well as employment opportunities in rural area especially in north east and south India region
- d. **Power supply of raw materials:** Rural entrepreneurs should be surely ensured of proper supply of scarce raw materials on a priority basis. Subsidy may also be offered at times to make the products manufactured by rural entrepreneurs reasonable and cost competitive.
- e. **Setting up marketing co-operatives:** Proper assistance and encouragement should be provided to rural entrepreneurs for setting up marketing co-operatives. These co-operatives shall help in getting various inputs at reasonable rate and they are helpful in selling their products at remuneration prices. Thus comprehensive training, proper education, setting up of separate financial Institutions, development of marketing co-operatives to a large extent help to flourish the rural entrepreneurs in India.

Effect on Globalization on Rural Entrepreneurship

It is quite very difficult to establish casual linkages or to quantify the specific effects of globalization on rural entrepreneurship since globalization is a macro concept and rural entrepreneurship is a micro concept occurring in a very limited area. However, it is quite possible to identify a range of different channels through which various aspects of globalization can be certainly expected to change the welfare of rural entrepreneurship in India. Some of the major effects of globalization on rural entrepreneurship which is seen in recent years are as follows:

1. **Productivity and efficiency effect:** Due to its access to global markets, abilities to specialize and also to take advantages of economies of scale and scope globalization is often said to result in higher productivity. Indeed exposure to global competition can certainly result in high levels of productivity and efficiency. However, it is less crucial for large economies like India. Because globalization enhances countries abilities to exploit comparative advantages arising from differing natural and ecological conditions, the potential gains to rural entrepreneur are also large. At the level of national policy these arguments certainly seem to favour globalization. There are many other factors which place rural entrepreneurs at a disadvantage. Most of them lack access to the technologies and market information that which would enable them to comply with quality requirements and specifications and also effectively respond to emerging opportunities. To compete in the modern world they rarely have access to credit and other financial services. Many entrepreneurs also face high transportation and input costs that which further reduce their ability to sustain and compete. Additionally, there are some entrepreneurs whose culture plays greater value on the maintenance of traditional ways of life, rather than on the material success in a much more competitive world. Apart from the above mentioned disadvantages, there is a wider question of whether the economic as well as institutional infrastructural facilities and structure of policies are favourable for small enterprises to succeed in the international competition. In short, Globalization as such presents real dangers to the rural entrepreneur, to set against the possible advantages for the wider economy.
2. **Economic growth effect:** Currently the argument in favour of globalization is the positive link between globalization and rural entrepreneurship in India. Because potential benefits certainly include improved access to managerial expertise and foreign technology. There have been varied views concerning the connection which exists between trade openness and rural entrepreneurship growth and this has also given rise to a large body of empirical literature, suggesting a positive relationship between trade openness and rural entrepreneurship growth. Edwards (1998) in his paper concludes that greater openness accelerates economic growth and that large departures from free trade dampen it. Michael et al (1991) in his findings based on the evidence suggests that liberalizing countries outperform those who failed liberalization attempts. In contrast, Helleiner (1986) has suggested that a certain level of national development is very much necessary before the objective of export-led growth can be realized.

Series of deliberations and emergence of the WTO under the Uruguay round have changed the world economic order. Indian government has shelved the earliest protectionist policies and opened up the economy to the world market. Undoubtedly, this has also helped the Indian economy to recoup its strength with the flow of international technology and capital resulting in a robust economic position. The economy is moving steadily with more than 6 percent GDP growth rate for the last two decades or so. However, new economic policies have posed severe challenges to the rural and agricultural sectors of the economy. Overall, analyzing the above facts it indicates that openness promotes faster growth. Still the question remains unanswered as to what this might do for the rural entrepreneurs and enterprises, particularly as little FDI flows into agriculture. The evidence from various studies also suggests that the rural entrepreneurs overall are substantially included as beneficiaries from economic growth. However, the extent of inclusion varies internationally. As discussed earlier, openness and free trade results in faster growth. Growth might be expected to specifically benefit the rural entrepreneurs to such an extent that the agricultural sector is very much included in the economic expansion. In fact, there is very little evidence that trade expansion in India has actually taken this form.
3. **Technological effect:** Today one of the prominent features of globalization and one of the major reasons for predicting improved growth is transfer of technology. Formerly many small rural entrepreneurs saw major improvements in their businesses, but to a certain extent improvements were in a very limited area and also to a very limited number of entrepreneurs.

The focus as such today is on the potentials and dangers of biotechnology. In Principle, the benefits here too may be large. The benefits may be from raising productivity, lower food prices as well as reduced risks of pests and droughts. Biotechnology research has been much more relevant to the problems of high-income countries. The benefits certainly tend to be specific to conditions or markets, particular environments. A small number of multinational corporations too are carrying out much of the research in rural areas. There has been a general focus upon the problems faced by rural entrepreneurs in rich countries with very little attention being paid to underdeveloped and developing countries like India's basic food crops and the problems of their small farmers.

4. **Distribution effect:** It is not possible to gauge the overall effect of globalization on the level of inequality; the effect and aftermaths on women entrepreneur in rural area is less ambiguous. Many rural women entrepreneurs are to a certain extent hampered from benefiting from the changes arising from globalization. They also have less access than men to education and training, less command over important resources such as credit, land and capital, less time to devote to productive activities.
5. **Transformational and insecurity effect:** Rural entrepreneurship as such is not always directly related to income. It can also refer to an intense level of insecurity. Many times those who have managed to improve their position are pressed back down again by natural disasters, inflation, deflation and other shocks. Some aspects of globalization increase such problems. Globalization is generally associated with increased competitive pressures and accelerated pace of change in economic life. This requires a speedy adaptation, which may simply be outside the range of those with few modern skills or certain other assets. Globalization as such is linked to increased specialization, but this for all its advantages increases risks for rural entrepreneurs by pushing them to 'play all their cards.' These factors are further compounded by the insecurity and transformational effect due to volatile environment.

Also greater financial interdependence amongst national economies, resulting from globalization has certainly affected transferring or spreading shocks from one nation to another. This can be seen from the financial crisis which has affected the world, leading to a global slowdown. The enormous cross border movements of highly mobile financial capital and the difficulties of regulating this have resulted in the tendency for financial shocks to spreading around the world as such. Many of these shocks coming from the rest of the world have hit the urban sector hardest. Still, there are a number of channels through which the effect has been transferred to the rural enterprises.
6. **Policy:** Government of India has in a sense, discriminated against agriculture and all those enterprises that which depend on it. This discrimination has typically taken the form of overvalued exchange rates, state trading monopolies for domestic as well as external marketing of agricultural commodities. Additionally, the revenues from commodity exports have been certainly used for the growth of urban development and civil services, rather than reinvestment in agriculture.

Major Challenges faced by rural entrepreneurship in India

Some of the major challenges faced by rural entrepreneurship in India can be described below as follows:

1. **Family challenges:** Convincing to opt for business over job is certainly not an easy task for an individual. The first thing compared is- will you make more money in the business of your choice or will you work as a successor of family business. This is certainly a stage where it becomes almost impossible to convince that you can generate more cash with your passion than doing what your dad is doing.
2. **Social challenges:** Even tough family challenges are always at the top because as it matters the most but at times social challenges also are very important. Let us consider an example wherein say you and your friend graduated at the same time. You opted for entrepreneurship and your friend opts for a job. After few years he now has a flat, car and what not because he could easily get those with a bank loan but you still have nothing to show off and this is where the challenge comes in
3. **Technological challenges:** Indian education system certainly lags too much from the job industry as a whole but then it lags even much more when it comes to online entrepreneurship. What technology would be ideal and how to use that technology effectively and efficiently is the question which needs to be answered by entrepreneur
4. **Financial challenges:** This necessarily refers to difficulty in borrowing fund. For online entrepreneurs financial challenges are a lot different in India. When you are starting as an entrepreneur you don't opt for venture funding but definitely try to go to funding for small to medium business people. Many non-technical business people don't understand the online business models as a whole and so getting an initial business funding from them becomes very much challenging. Other option what entrepreneurs can think of is a loan but bank loan as such is not at all an option in India for new online entrepreneurs.
5. **Policy challenges:** Now and then there are not of changes in the policies implemented by the government. Problems of TRIMS and TRIPS to pose policy challenges. Major problems of availing raw materials, problems of raising equity capital, Problems of obsolescence of indigenous and outdated technology, increased pollutions, ecological imbalance, exploitation of small and poor countries etc.

Major Management Problems of Rural entrepreneurs

Some of the major management problems faced by rural entrepreneurs today are as follows:

1. **Lack of Knowledge of I.T:** Information technology is not very common in rural areas. This poses one of the major challenges for entrepreneurs. Entrepreneurs rely on internal linkages that which encourage the flow of services, goods, ideas and information. The intensity of family and personal relationships in rural communities can sometimes be very helpful but they may also present obstacles to effective business relationships. Business deals may receive intercommunity rivalries and less than rigorous objectivity which

may reduce the scope for regional cooperation. Lines of authority and decision making process are mostly blurred by local politics in rural areas

2. **Legal formalities:** Rural entrepreneurs find it extremely difficult in obtaining licenses and also complying with various legal formalities due to illiteracy and ignorance.
3. **Raw materials Procurement:** One of the tough tasks for rural entrepreneur is procurement of raw materials. Entrepreneurs quite often may end up with poor quality raw materials and also might face the problem of warehousing and storage
4. **Products of poor quality:** Inferior quality products is another major reason which hinders the growth of rural entrepreneurship as products produced mainly due to lack of availability of equipments and standard tools as well as poor quality raw materials do not cater to the needs of customers
5. **Lack of technical knowledge:** Technical knowledge is another major area which rural entrepreneurs face as a major problem to comprehend. Lack of extension services and training facilities create a hurdle for the development of rural entrepreneurship.

Major Remedies to solve problems in rural entrepreneurship

Major financing organizations like SIDBI, NABARD, ICICI and IFCI are trying to sort out the problems of rural entrepreneurship. Marketing problems as such are related with pricing, distribution channels, packaging, promotion etc. Following mentioned measures may be adopted in order to make rural entrepreneurs to start business venture:

1. **To provide loans at concessional rate of interest:** Finance should be provided to rural entrepreneurs at concessional rates of interest and also on easy repayment basis. Also cumbersome formalities should be avoided in sanctioning loans to rural entrepreneurs
2. **Creation of finance cells:** Special finance cells must be created by financial institutions and banks to provide easy finance to rural entrepreneurs
3. **Setting up marketing co-operatives:** Assistance and encouragement should be provided to rural entrepreneurs for setting up marketing co-operatives in rural areas. Co-operatives certainly can help in getting inputs at quite a reasonable rate and also turn out to be helpful in selling their products at remuneration prices. Rural entrepreneurs can derive the benefits of enterprise by avoiding middlemen. Moreover to boost rural entrepreneurs common production and marketing centres should be set up with sophisticated modern infrastructural facilities. Hence comprehensive training facilities, proper education, development of marketing co-operatives, setting up of separate financial institutions much to a larger extent can help to flourish rural entrepreneurs in India. Besides both government as well as non-government agencies should also play an important role.
4. **Supply of raw materials:** On priority basis rural entrepreneurs should be ensured of proper supply of scarce raw materials. Besides subsidy must also be offered to make the products manufactured by rural entrepreneurs which are reasonable and also competitive in terms of cost
5. **Offering high quality training facilities:** Training is very much essential for the development of entrepreneurship. As proper training imparts required skills to run an enterprise it enables rural entrepreneurs to undertake their venture successfully. Economically weaker entrepreneurs of the society are presently offered such training facility under Programmed FICCI (NGO's), Prime minister's rozgar yojna (PMRY), rotary clubs, lion clubs and various other voluntary organizations which can also arrange such training programmes for rural entrepreneurs to provide them proper assistance and stimulation counseling. Individual based EDI approach is highly relevant for rural entrepreneurs where motivation and familiarization processes are coupled with promise of various bank credit and support by way of escort services which could persuade rural youths with mandatory basic skills and hands on technology to start small enterprises in their region

II. Conclusion

Rural entrepreneurs are certainly act as a key figure in economic progress of India. They play a vital role in converting developing country into developed nation. In today's global market a country's economic policy environment must always be favourable for an organization to achieve efficiency. Economic policy of a country should also enable entrepreneurs to provide magical touch to an organization irrespective of public, private or joint sector in achieving innovativeness, speed, flexibility and also strong sense of self determination. Rural entrepreneurship however is the best answer for removal of rural poverty in India. Hence government should stress and emphasize more on integrated rural development programs. Also majority of the rural youths do not think of entrepreneurship as a career option. Hence organizations and government should come with training and sustaining support systems providing all necessary assistance so that rural youth can be motivated to take up entrepreneurship as a career. Besides there should also be efficient regulated markets and governments should also lend its helping hand in this context. Standardization and grading should be promoted

and also promotional activities should be enhanced to encourage rural entrepreneurs. NGO's should also be provided full support by the government. In the present context study of entrepreneurship helps entrepreneurs not only to fulfill their personal needs but also help in economic contribution of new ventures. More than increasing the national income by creating new jobs, rural entrepreneurship also acts a force in economic growth by serving as a major bridge between innovation and marketplace. To conclude to bring change institutions need to focus on synergies between education, innovation and entrepreneurship.

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