



*International Journal of Development and Sustainability*

ISSN: 2186-8662 – [www.isdsnet.com/ijds](http://www.isdsnet.com/ijds)

Volume 4 Number 6 (2015): Pages 702-720

ISDS Article ID: IJDS15021202



# Analyzing social enterprises and social innovations for social development using real-life cases

Rajesh N. Pahurkar \*

*Department of Management Sciences (PUMBA), University of Pune Pune 411007, Maharashtra, India*

## Abstract

Social enterprises are needed to solve various social problems, and social innovation is the most effective tool for maximizing the positive effect and social value of social enterprises. Through this paper, the need for social enterprise in society is illustrated with the help of real-life case analyses. The social enterprises are analyzed through the lens of eight common factors: the social status of the beneficiaries; the social problems addressed; the core activities undertaken; the diversification of activities; funding mechanisms; geographic spread; the social value created; and social innovation. The real-life case analyses reflect the true image of social enterprise and social innovation through this paper.

**Keywords:** Social enterprise; Social innovation; Real life cases

Published by ISDS LLC, Japan | Copyright © 2015 by the Author(s) | This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.



---

\* Corresponding author. *E-mail address:* [pahurkarrajesh@gmail.com](mailto:pahurkarrajesh@gmail.com)

## 1. Introduction

The intention of social value and social development gives rise, to the birth of social enterprise. It has also been found that social enterprise originates when business organizations are incapable of meeting social requirements. This happens when consumers lack the economic power to pay the business enterprises for the offered products or services that need to meet their requirements (Kingma, 1994). Social enterprises exist to solve varied social problems through different shapes and in differing combinations of for-profit and nonprofit objectives. The following social problems are mainly addressed by social enterprises; the list is not exhaustive, but it does help to understand the scope of social enterprise (Bornstein, 2007; Boschee, 2006; Catford, 1998; Harvard University Hauser Center for Nonprofit Organizations [Hauser Center], 2002; Hockerts, 2006; Martin and Osberg, 2007; Oxford Saïd Business School Skoll Centre for Social Entrepreneurship [Skoll Centre], 2007; Seelos and Mair, 2005):

- Poverty
- Education and Training  
(skill development)
- Discrimination  
(male, female, child, sexuality, racism and castes, ethnicity, etc.)
- Health and medicine  
(lifestyles, malnutrition, depression, etc.)
- Unemployment  
(illiteracy, disability)
- Injustice  
(abuse, exploitation, human rights etc.)
- Environmental issues  
(pollution, climate change, famine, natural disasters, etc.)
- Crime
- Rehabilitation and empowerment  
(disabilities, war, natural disasters etc.)

These varied social predicaments for social development and social equilibrium are addressed by social enterprises through social innovation. This helps to transform imbalanced societies into more balanced states. Although it is impossible to achieve a level of social equilibrium at which no social problem exists, social innovation is a tool that maximizes the social value creation and social stability of social enterprise.

Four cases, with different social activities, innovations and beneficiaries, have been selected to illustrate the concept of social enterprise and social innovation in real life. This paper has seven sections. The first section is the introduction. The second section explains the concepts of social enterprises, business enterprises, innovation and social innovation. The third section outlines the objectives of the study. The

fourth section details the methodology used for the study. The fifth section illustrates real-life cases of social enterprises that undertook social innovations. The sixth section discusses and interprets the analyses, and the last section, the seventh, concludes the paper.

## 2. Understanding social enterprise, business enterprises, innovation, and social innovation

### 2.1. Social Enterprise

The world has seen the growth of third-sector organizations all over, accompanied by growing concerns from many countries. This sector has attracted considerable investment from governments and contributions from business enterprises to maximize the delivery of social services. The third sector is normally referred to as the nonprofit sector, the social economy or the sector comprising nongovernmental organizations (NGOs). The term *social enterprise* is used in number of contexts, cultures and national settings. It can be characterized as subgroups of organizations in the social economy or a new economic engine. The simple and inclusive definition is that social enterprises are conducted in business like settings but not for profit. They are considered capacity-building organizations that assist in economic regeneration and enable states to deliver public services (The Kauffman Center for Entrepreneurial Leadership [Kauffman Center], 1998; Ridley-Duff and Bull, 2011).

Thus, the broader definition of social entrepreneurship is an activity which creates social value in the society through innovations implemented by the organizations like nonprofit, business or government. The social benefits are creative and amplified with the help of social innovation (Austin Stevenson and Weiskillern, 2006). Social enterprises are socially driven organizations with social and/or environmental objectives combined with a strategy for economic sustainability.

The EMES (EMergence des Entreprises Sociales en Europe - European Research Network) has an approach toward social enterprise (Borzaga and Defourny, 2001; EMES, 2012). The characteristics of social enterprise that follow below are derived from extensive interdisciplinary (economics, sociology, political science and management) discussions.

The economic and entrepreneurial dimensions of social enterprises:

- a) Continuous activity that produces goods and/or sells services
- b) A significant level of economic risk
- c) A minimum amount of paid work

The social dimensions of social enterprises:

- a) An explicit aim to benefit the community
- b) An initiative launched by a group of citizens or civil society organizations
- c) Limited profit distribution

The participatory governance of social enterprises:

- a) A high degree of autonomy

- b) Decision-making power not based on capital ownership
- c) A participatory nature, which involves various parties affected by the activity

Freer Speckley, in 1978, defined social enterprise as:

*An enterprise that is owned by those who work in it and/or reside in a given locality, is governed by registered social as well as commercial aims and objectives and run co-operatively may be termed a social enterprise. Traditionally, "capital hires labour" with the overriding emphasis on making a "profit" over and above any benefit either to the business itself or the workforce. Contrasted to this is the social enterprise where "labour hires capital" with the emphasis on personal, environmental and social benefit. (1981, p. 3).*

The UK Department of Trade and Industry (DTI; now a ministerial department under the Department for Business, Enterprise and Regulatory Reform and the Department for Innovation, Universities and Skills) offered the following in *Social Enterprise: A Strategy for Success*:

*A social enterprise is a business with primary social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners. (2002, p. 13)*

## 2.2. Social and business enterprises

Social enterprises are formed with nonprofit, social objectives rather than the profit-oriented objectives of business enterprises. The hybrid form of social enterprise may have both for-profit and nonprofit objectives (Kauffman Center, 1998). Business enterprises are more oriented toward creating personal and shareholder wealth and benefits, whereas social enterprises create social values and social development. It is also agreed that business enterprises make social contributions by offering innovative products and services to solve social problems but with the intention of profit maximization. Business organizations also create job opportunities in society as a social value.

The surplus generated by social enterprise is reinvested for further social value creation, but business enterprises have more defined distributions of surpluses and a greater inclination to invest them in strengthening their commercial activities. Measurement of performance is based on quantifiable units such as market share, sales, profit, quality and production and is comparatively simple in the case of business enterprises. But social enterprise does not have such concrete performance measurement units. The common factor for the growth and sustainability of both social and business enterprises is innovation, which applies new ideas to solving social problems that have never before been attempted (Austin et al., 2006; Seelos and Mair, 2005).

## 2.3. Innovation and social innovation

Ideas are generated from creative thinking, but those produced ideas have no meaning unless we use them in real life. In real life, we may face many problems in many areas—social, economic, technological, health,

educational, professional, environmental, etc.—and to solve these problems, innovation is the single key. Innovation is the application of ideas to solving any of the problems faced by society or human beings.

Innovation entails thinking in different ways and with creative insights to create solutions that will produce greater and greater social and economic value. Innovation fulfills those requirements that may not be met through conventional processes, products, services or institutional forms. It also helps to improve market share, competitiveness and quality while reducing costs (Baregheh et al., 2009).

India's National Knowledge Commission (NKC, 2007, p. iv) defines innovation in the following manner:

*Innovation is defined as a process by which varying degrees of measurable value enhancement is planned and achieved, in any commercial activity. This process may be breakthrough or incremental, and it may occur systematically in a company or sporadically; it may be achieved by:*

- *Introducing new or improved goods or services and/or*
- *Implementing new or improved operational processes and/or*
- *Implementing new or improved organizational/managerial processes*

Based on the above clarification of innovation, social innovation can be said to refer to the new ideas that work to meet social goals and requirements. These unmet goals and requirements—which may include issues related to health, education, employment, justice, the environment, poverty, child abuse or women's empowerment, among others—are not fulfilled by the existing delivery systems of product and services.

Amore precise definition of social innovation is: "Innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organizations whose primary purposes are social" (Skoll Centre, 2007, p. 8).

### 3. Objectives

The following objectives were framed to undertake the base research on the cases. The research questions were embedded into the following objectives during the case analysis. All of the objectives were studied and presented in tabulated format in the case analysis. The objectives were:

- To understand the concept of social entrepreneurship with the help of real-life cases.
- To understand the concept of social innovations with the help of real-life cases.
- To study the profiles of the beneficiaries of social enterprises.
- To study the various social problems solved by social enterprises.
- To identify the major activities undertaken to solve these social problems.
- To explore the diversification of activities undertaken by social enterprises.

- To study the funding mechanisms of social enterprises.
- To understand the geographic reach and locations of social enterprises.
- To study the social benefits offered by social enterprises with social innovations.

#### 4. Methodology

Various studies have been carried out to understand and explain the concepts of social entrepreneurship with the help of real-life cases (Hauser Center, 2002; Martin and Osberg, 2007; Seelos and Mair, 2005; Skoll Centre, 2007). Based on previous studies, the following social enterprises with varying beneficiaries were selected as real-life cases for understanding the concepts of social enterprise and social innovation in more detail:

Case 1 – Grameen Bank

Case 2 – OneWorld Health Organization

Case 3 – Oxfam International

Case 4 – The Fairtrade Foundation

To analyze and understand these selected cases and the concept of social enterprises, eight parameters/factors/characteristics were considered. In-depth study and analysis were conducted to identify the eight relevant factors for each organization. The information for each factor was derived after the in-depth study and analysis of the official websites of each of the social enterprises, as discussed in each case. This methodology will help to understand some of the real-life work profiles of social enterprises. The same eight-factor analysis framework can be applied to the analysis of any type of social enterprise—all eight factors are common to all types of social enterprises. More detailed explanations of each factor are below.

##### 4.1. The eight factors of social enterprise analysis

The eight research questions are developed and put in the form of eight factors also can be called as parameters. An attempt is made to analyze the four social enterprises and answer the research questions. The research questions are formulated as below –

1. Target group/beneficiary: Who is truly being served by the social enterprise?
2. Social issue(s) addressed: What types of social problems are addressed by the social enterprise?
3. Core activities undertaken: What activities are undertaken by the social enterprise to solve the social problem(s)?
4. Diverse activities: In addition to the core activity, what supporting activities are carried out by the social enterprise?
5. Funding mechanism(s): How are the social enterprise's existence and activities funded?

6. Reach/geographic spread: What is the geographic location(s) and reach of the enterprise's activities
7. Social value created/benefits to society: What social benefits does the social enterprise provide with the help of social innovation?
8. Social innovation: What kinds of social innovation does the social enterprise undertake?

For each case below, each factor of analysis is described in tabular format, which will be helpful for understanding the concepts of social entrepreneurship and social innovation in a real-world sense.

## 5. Real-Life Cases of Social Enterprises Undertaking Social Innovations

### 5.1. Case 1 – Grameen Bank

The contribution of poor people to a country's financial development is considered a cost element. The poor sections of societies are always deprived of financial support because of their risk of insolvency. Commercial organizations, financial institutions and banks are reluctant to lend money to poor people. In some cases, the poor can obtain loans against collateral if they happen to have any assets. This is a money-lending practice of financial organizations worldwide that is intended to protect their solvency.

Grameen Bank (GB; *grameen* means "rural" or "village" in Bangladesh; [www.grameen.com/](http://www.grameen.com/)), however, set the unconventional practice of lending to the poorest of the society. It is the world's most philanthropic bank, and it lends money to the poorest of the poor in rural Bangladesh with no collateral requirement. GB has created a banking system based on mutual trust, accountability, participation and creativity. The poorest sections of society are left out of banking systems nearly worldwide because they are not considered bankable. GB maintains the philosophy that extending credit is a cost-effective weapon against poverty that serves as a catalyst in the overall socioeconomic development of the poor. In October 1983, Professor Muhammad Yunus, the head of the Rural Economics Program at the University of Chittagong and the founder of Grameen Bank, proposed the idea of GB. He undertook a search project to design a credit delivery system and banking services that would target poor people. Professor Yunus believed that if financial resources could be made available to poor people under appropriate and reasonable terms and conditions, "these millions of small people with their millions of small pursuits can add up to create the biggest development wonder believed by Professor Yunus . The GB project started with the following objectives:

- To offer banking facilities to the poor people of society.
- To eliminate the exploitation of the poor by private money lenders.
- To create self-employment opportunities among the unemployed poor.
- To gather women from the poorest households into organizations that they can understand and manage either alone or in groups.

- To oppose the traditional vicious circle of low income, low saving and low investment by setting a new, virtuous circle of low income, injection of credit, investment, more income, more savings, more investment and more income.

(Sources for these data and the table below are: Hauser Center,2002;Lamia, 2008; Larance, 2001; Martin and Osberg, 2007; Osmani, 2009; Seelos and Mair, 2005; Wahid, 1994;ZEF Bonn Center for Development and Research, 1999.)

**Table 1.** Eight-Factor Analysis of Grameen Bank

Target Group	Social Issues Addressed	Core Activities Undertaken	Diversification of Activities	Funding Mechanism	Reach/ Geographic Spread	Social Value Created or Benefits to Society	Social Innovation
Poorest of the poor in rural villages, i.e., men and the majority (97 percent) of women	<ul style="list-style-type: none"> <li>• Poverty</li> <li>• Unemployment</li> <li>• Exploitation of the poor by private money lenders</li> </ul>	Credit delivery	<ul style="list-style-type: none"> <li>• Micro-enterprise loans</li> <li>• Scholarships</li> <li>• Education loans</li> <li>• The Grameen Network</li> <li>• The Social Venture Capital Fund</li> <li>• The Social Advancement Fund</li> <li>• Life insurance</li> <li>• Deposits</li> <li>• Pension fund for borrowers</li> <li>• Consultation and guidance</li> <li>• Training</li> </ul>	<ul style="list-style-type: none"> <li>• Credit recirculation and interest on loans.</li> </ul>	Villages in Bangladesh	<ul style="list-style-type: none"> <li>• Self employment of poor section</li> <li>• Women's empowerment</li> <li>• Freedom from private money lenders</li> </ul>	<ul style="list-style-type: none"> <li>• Utilized power of the poor</li> <li>• Credit delivery system to the poor</li> <li>• Designed banking services targeted to the rural poor</li> <li>• Micro-credit</li> <li>• The bank is owned by the rural poor whom it serves.</li> <li>• No collateral, legal instruments, group guarantees or joint liability</li> <li>• Ninety-seven percent women</li> <li>• No donor money or loans from other institutions</li> <li>• Lowest interest rates</li> <li>• Beggars as members</li> <li>• Only 10 percent government share; remaining 90 percent is poor people</li> </ul>



## 5.2. Case 2 – The Institute for OneWorld Health

The major division of the world is based on wealth; hence, we have two divisions, rich nations and poor. Based on this division, facilities like health care are distributed. The advanced and rich counties are becoming disease free, but some of the developing counties are still struggling with basic health problems. Some of the diseases that have been completely expelled from developed nations still exist in underdeveloped nations and are still taking many lives. This problem is well identified and tackled by the Institute for OneWorld Health ([www.oneworldhealth.org/](http://www.oneworldhealth.org/); now a program of PATH, [www.path.org](http://www.path.org)).

OneWorld Health works to find new uses for orphan drugs. It partners with the world's biggest pharmaceutical companies to discover new drug candidates in their compound libraries. They are working with biotech start-ups to apply the techniques of synthetic biology to create new sources of anti-malarial drugs. They are also in collaborations with researchers around the world in an open source model of drug development. This facilitates the development and manufacture of safe and affordable vaccines. With this objective, Dr. Victoria Hale and Ahvie Herskowitz in 2000 founded OneWorld Health as the first nonprofit pharmaceutical company in the United States and have achieved a number of impressive milestones to date.

OneWorld has brought together technology, medical science and insights from the developed world to the poorest, sickest children in the developing world. This organization is developing safe, effective, affordable new medicines for infectious diseases, such as diarrheal diseases, malaria, kala-azar (visceral leishmaniasis) and hookworm (soil-transmitted helminthes). They are trying to solve issues related to access to medicines and global health encouragement.

OneWorld has the philosophy that the wonders and promise of modern medicine must reach everyone, not just a privileged few people in the world. Those who have this ability to provide life-saving vaccines and medications and to conduct research and develop new medicines for the world's needy should do the maximum possible.

In this endeavor, some of the world's largest pharmaceutical companies came forward with OneWorld to contribute low-cost, subsidized and free medicines to eradicate the epidemic diseases in developing countries. People from all walks of life, like pharmaceutical scientists, doctors, volunteers and government health ministers are coming forward to offer time, money and expertise to develop innovative health solutions. They all have the common goal of conquering diseases and making global health a reality (sources for these data and the table below are: Bloom, 2009; Germak and Singh, 2009; Mair and Martí, 2006; Martin and Osberg, 2007; McKerrow, 2005, Seelos and Mair, 2005).

## 5.3. Case 3 – Oxfam International

A group of independent nongovernment organizations founded Oxfam International ([www.oxfam.org/en](http://www.oxfam.org/en)) in 1995 for the purpose of reducing poverty and injustice. The name Oxfam derived from the "Oxford Committee for Famine Relief" in 1942 in Britain, and the organization was formed to send food supplies to starving women and children in enemy-occupied Greece during the Second World War. Today, the Oxfam confederation has 17 member organizations worldwide, with its secretariat based in Oxford, UK.

Oxfam International is a world leader in the delivery of emergency relief around the world. They implement long-term development programs in vulnerable communities and are a part of global movements campaigning with others to end unfair trade rules, demand better health and education services for all and combat climate change.

**Table 2.** Eight-Factor Analysis of the Institute for OneWorld Health

Target Group	Social Issues Addressed	Core Activities Undertaken	Diversification of Activities	Funding Mechanism	Reach/ Geographic Spread	Social Value Created or Benefits to Society	Social Innovation
The poorest, sickest children in the developing world	Health problems	Producing safe, effective, affordable new medicines for infectious diseases and providing them to the poorest people	<ul style="list-style-type: none"> <li>• R &amp; D collaboration with universities, companies and research institutions</li> <li>• Training and education</li> <li>• Clinical trials</li> <li>• Donating medical equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign partners</li> <li>• Government grants</li> <li>• Donations</li> <li>• Awards</li> <li>• Marginal profits on medicines</li> <li>• Gifts</li> </ul>	India, Nepal, Vietnam, Bangladesh, Pakistan, sub-Saharan Africa	<ul style="list-style-type: none"> <li>• Low-cost medicines</li> <li>• Healthy lives for poor people</li> <li>• Improved survival rates for infectious patients</li> <li>• Serving impoverished villages, states and countries around the world</li> </ul>	<ul style="list-style-type: none"> <li>• Combating diseases by producing low-cost medicines that are affordable for poor people</li> <li>• Affordable treatments</li> <li>• Access of drug to the most needy</li> <li>• Networking for social causes</li> <li>• Alliances with governments to expedite bureaucracy</li> <li>• Nonprofit pharmaceutical company</li> <li>• Open source drug development</li> <li>• Shares its pharmaceutical research to benefit society</li> </ul>

The philosophy of Oxfam is that “respect for human rights will help lift people out of poverty and injustice, allow them to assert their dignity and guarantee sustainable development” (<http://www.oxfam.org/en/about/why>). Oxfam also believes and promotes that everyone has the right to a decent living, to health and education, to safety from harm, to participate in decisions that affect their lives and to be treated as equal (sources for these data and the table below are: Chandler, 2001; Oloruntoba and Gray, 2009; Skoll Centre, 2007; Vaux, 2001).

#### 5.4. Case 4 – The Fairtrade Foundation

The Fairtrade Foundation ([www.fairtrade.org.uk/](http://www.fairtrade.org.uk/)) was established in 1992 by a group of member organizations: CAFOD, Christian Aid, Oxfam, Traidcraft, theWorld Development Movement and the National Federation of Women’s Institutes. It is an independent nonprofit organization that licenses the use of the FAIRTRADE mark on products in the UK according to the internationally agreed-upon Fairtrade standards. This organization advocates justice and the development of sustainable farm and agricultural product

trading activities. This allows everyone involved in the Fairtrade Foundation to receive appropriate returns and to maintain decent and dignified livelihoods. The group has transformed trading structures and practices in favor of the poor and disadvantaged, and they promote trading partnerships based on equity and transparency. They have developed alternatives to traditional patterns of trading that have led to sustainable development for marginalized producers, workers and their communities. They collaborate with businesses, community groups and individuals to improve the trading positions of producer organizations. The important part of their activities is licensing the use of the FAIRTRADE mark to ensure the best quality. This organization is facilitating the market in growing demand for fair trade products through public awareness, and it enables producers to sell to traders and retailers to the maximize benefit to all. It is essential to mention that Fairtrade follows a thorough professional approach like any other leading business organization even though it is a nonprofit social enterprise. It has a well-defined organizational structure with various functions such as certification, commercial relations, policy and communications, marketing, producer partnerships, finance and resources, information technology and human resources.

**Table 3.** Eight-Factor Analysis of Oxfam International

Target Group	Social Issues Addressed	Core Activities Undertaken	Diversification of Activities	Funding Mechanism	Reach/ Geographic Spread	Social Value Created or Benefits to Society	Social Innovation
Communities vulnerable to natural disasters and conflicts	<ul style="list-style-type: none"> <li>• Poverty and injustice</li> <li>• Human rights</li> <li>• Natural disasters</li> </ul>	Emergency relief	<ul style="list-style-type: none"> <li>• End unfair trade rules</li> <li>• Health</li> <li>• Education</li> <li>• Combat climate change</li> <li>• Combat discrimination</li> <li>• Promote agriculture</li> <li>• Research and analysis</li> <li>• Managing natural resources</li> </ul>	<ul style="list-style-type: none"> <li>• Donations</li> <li>• Grants</li> <li>• Gifts</li> </ul>	Worldwide	<ul style="list-style-type: none"> <li>• Health</li> <li>• Education</li> <li>• Develops resilience to future disasters</li> <li>• Social security</li> </ul>	<ul style="list-style-type: none"> <li>• Group of independent nongovernment organizations</li> <li>• Mechanisms against natural disaster.</li> <li>• Encouraging ordinary people to act for their betterment</li> <li>• Influencing decision-makers to change policies and practices that reinforce poverty and injustice</li> <li>• Self-sustaining livelihoods</li> <li>• Involving people in decisions that affect their lives</li> <li>• Equal access to jobs, essential services and influence</li> <li>• Appealing to people to volunteer and share ideas</li> <li>• Defending life-sustaining resources</li> </ul>

**Table 4.** Eight-Factor Analysis Fairtrade Foundation

Target Group	Social Issues Addressed	Core Activities Undertaken	Diversification of Activities	Funding Mechanism	Reach/ Geographic Spread	Social Value Created or Benefits to Society	Social Innovation
Marginalized, poor and disadvantaged producers, farmers, workers and their communities	Exploitation, poverty and injustice relating to farmers and producers	Fair trade activities	Licensing and certification	<ul style="list-style-type: none"> <li>• Donations</li> <li>• Grants</li> <li>• Gifts</li> <li>• Collaborating with other business organizations to obtain charity</li> <li>• Fairtrade products and certification</li> </ul>	Nearly worldwide	Decent and dignified livelihoods for farmers and workers	<ul style="list-style-type: none"> <li>• Tackling poverty and injustice through trade</li> <li>• Trading structures and practices in favor of the poor and disadvantaged</li> <li>• Trading partnerships based on equity and transparency</li> <li>• Alternatives to traditional patterns of trading</li> <li>• Collaborations, partnerships and networks with businesses, community groups and individuals to maximize the benefits to all</li> <li>• Using social advertising and local campaigning to raise public awareness and promote trade</li> <li>• Professional business enterprises</li> <li>• Promoting organic farming</li> <li>• Provides ethical certification by an independent body</li> <li>• Developed innovative farming techniques</li> </ul>

There are many ethical product labels and brands on the market that are designed to identify and trace particular products. The objective of the FAIRTRADE mark is only to help farmers and workers improve the quality of their lives and take more control over their futures. Fairtrade is the only certification program with the purpose of tackling poverty and empowering producers in developing countries. Fairtrade delivers unique benefits to producers, businesses and consumers (Sources for the data above and the table below are: Booth and Whetstone, 2007; Murray and Raynolds, 2007; Nicholls, 2002; Nicholls, 2004; Raynolds and Long, 2007; Skoll Centre, 2007; Weber 2007.).

Fairtrade offers the following unique features to producers:

- Fair and appropriately designed stable prices based on cost of production and demand and supply forces.
- Premiums for development irrespective of minimum prices, which can be used for further developmental activity to improve yield and quality.

- Empowering small-scale farmers and workers; certifying small farmer organizations and bringing them under the Fairtrade brand; and protecting the interests of farm workers based on International Labor Organization conventions.
- An established loyal customer base.
- The most widely recognized ethical label in the world.
- FLO-CERT, the independent certification body for Fairtrade and the only ISO 65 accredited ethical certification program.

## 6. Discussion and interpretation

After analyzing the information under each parameter in the above cases, the following interpretations can be drawn and will clearly depict the real-life scenarios of these social enterprises.

*Target Group:* The aim of these social enterprises is to serve the socially vulnerable, under developed and deprived segments of society. Primary attention is given to the poor (farmers and other workers, the unemployed), women and children in developing countries. In developed countries, the target groups would be the environment and also humans with different social problems.

*Social Issues Addressed:* The list of social issues could be endless depending on the country. But the most universal issues—poverty, health, education, injustice, unemployment, unfair social practices, environmental issues, natural disasters, etc.—are the focal points of social enterprises.

*Core Activities Undertaken:* Sufficient action is necessary to address social issues or problems. The financial aid (credit, loans), health services and medicines, relief after natural calamities, educational aids and services, employment guidance, social justice (e.g. human rights and fair trade practices) and other social enterprise activities are major remedies for social problems.

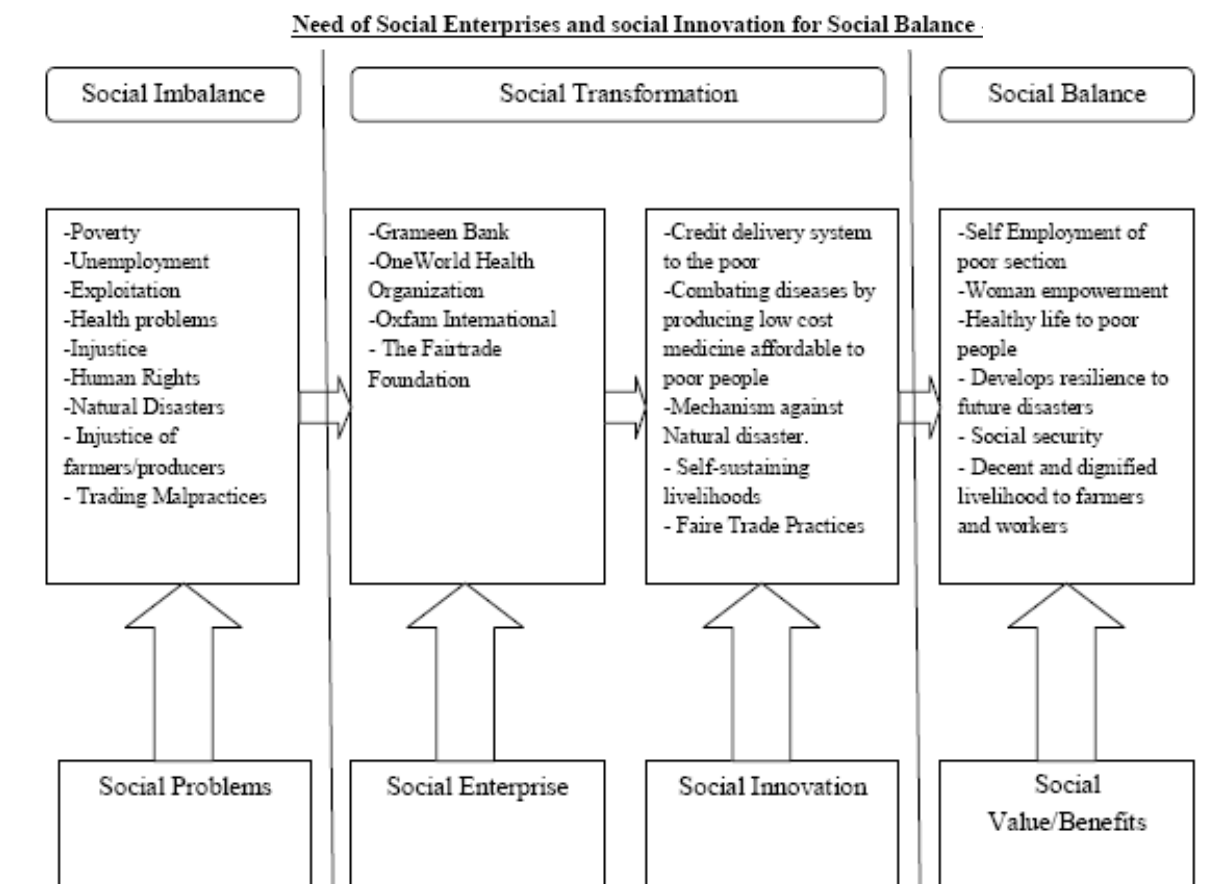
*Diversifications of Activities:* Along with the core activities, social enterprises also undertake certain support activities to supplement their main activities, such as training, counseling, guidance, awareness programs, consultancy, surveys and research and additional products and services. All of these supplemental activities combined with the core activities help to strengthen the effects and impact of social enterprises in society.

*Funding Mechanism:* The survival and existence of any organization explicitly depends upon the sources of funding. The above analysis shows some common sources of funding like government and corporate donations, gifts and grants. Hybrid social enterprises may have complementary business activities that generate marginal profits. Social enterprises also have many innovative funding methods, such as sponsoring events; generating revenue through the number of clicks on the advertisements shown on their websites; one-time to lifetime options to donate, etc.

*Reach/Geographic Spread:* Social enterprises mostly cater to the underdeveloped and developing nations because these nations have greater social imbalance, which creates greater social issues. Developed nations do not have the greater social imbalances of developing and undeveloped countries. Developed nations may

have other types of social issues (e.g., crime, depression, abuse, environmental degradation) in addition to or instead of poverty, health and education disparities, etc. Hence, social enterprises are not restricted based on developed versus underdeveloped countries; their establishment in a particular country depends on a given enterprise’s objectives and the social issues of the particular country.

*Social Value Created/Benefits to Society:* The primary goal of social enterprise is to create social value through social development. This could take various forms, such as eradicating poverty, illiteracy, ill-treatment and injustice, inequality, environmental hazards, unemployment, health problems, unhygienic conditions or child abuse, the elimination of any of which could clearly lead to social stability, social security and the well-being of humans and the environment.



**Figure 1.** How social enterprise and innovation contribute to social balance

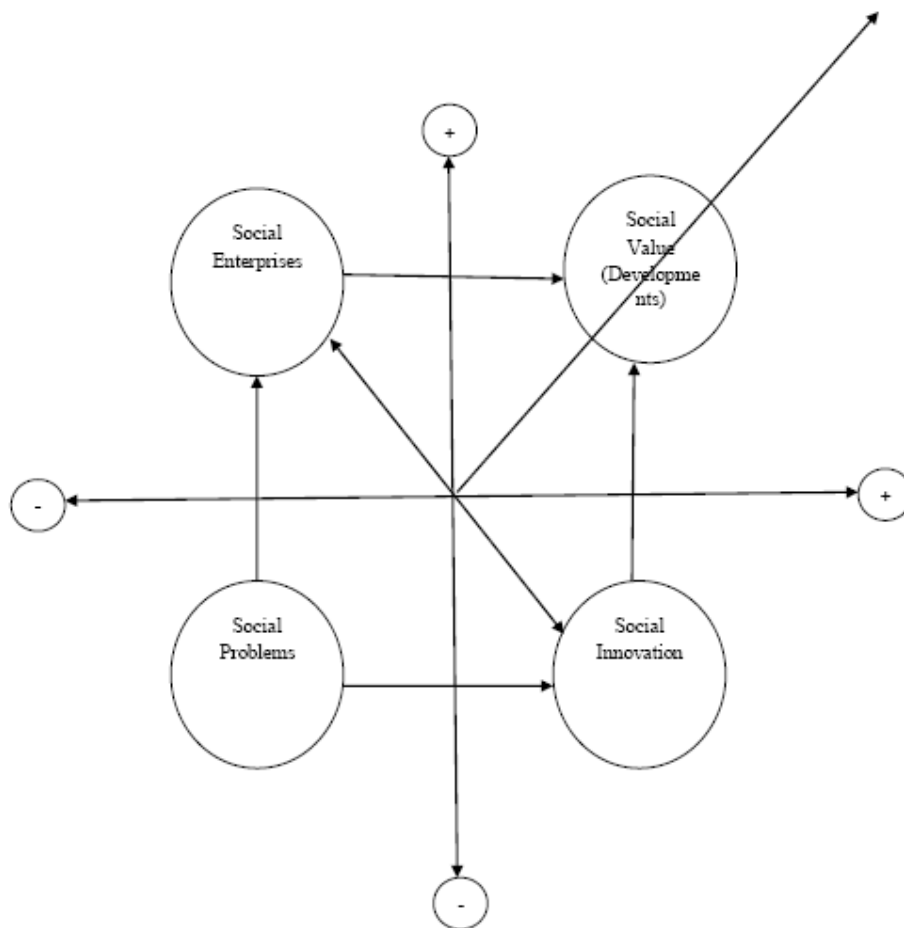
*Social Innovation:* The purpose of social innovation is to maximize the positive effects (well-being and other benefits) of social enterprises and to fight against social problems. Hence, social enterprises must be very innovative in order to be truly effective. Social innovations must be replicable and sustainable. The social enterprises discussed here pursue many innovative activities that attempt to fulfill unmet needs, such

as increasing the availability of financing, food, shelter, medicines and health services, employment, justice, etc. to the deprived segments of the societies in which they work.

Social enterprises attempt to promote social prosperity through various social innovations such as financing, credit and loans (micro-credit) to the poorest members of society such as women, the uneducated and beggars; affordable medicines and health services; fair trade practices that benefit producers and consumers; social justice; relief after natural disasters; etc. These and many other social innovations are regularly undertaken by social enterprises to benefit society.

*Effects of the Social Innovations on Social Development:* It is very difficult to achieve social equilibrium because of the many social problems faced by nations around the world. Social imbalance can be reduced with the help of social enterprises, and these social enterprises can maximize their effects and replicability with the help of social innovations to eradicate social problems. The combined effects of social enterprise and social innovation can lead each society to social balance (social transformations).

**Effect of social enterprises and social innovations on social development**



**Figure 2.** The effects of social enterprise and innovation on social development

Figures 1 and 2 show the positive effects of social enterprise and social innovations on social development, including their intertwined relationships. A society's problems will always have negative effects and limit social development. Social enterprises can solve social problems with the help of social innovations. Thus, social enterprises and social innovations can have very positive effects on increasing and expanding social development.

## 7. Conclusions

In the case of business enterprises, innovations are motivated by the goal of profit maximization. The objective of social innovation is to maximize social value to the needy, and the organizations that pursue these social innovations to benefit the needy may be called social enterprises. The most preferable forms of social innovation and social enterprise must be replicable and have minimum constraints. This will increase the spread of the social innovations and social benefits.

Social enterprises act as major change initiators, and they use innovation to sustain and spread their change activities to the most needy members of society. These enterprises are always in search of opportunities in the form of social problems or social gaps that are not being resolved through regular social systems and that are causing social imbalance, and they address these problems through continuous learning, innovation, adoption and adaptation for maximum value creation and positive social transformation. Even when resources for resolving social problems are limited, social enterprises can still attempt to resolve these issues with the help of social innovations.

## 8. Limitations and further research

This article is focused on Social Enterprises and Social Innovations with real life examples. The basic criteria's for selection of cases were –

- Social enterprises with varied social work/ services
- Availability of information – journals, articles, papers, books etc both online and offline sources with convenience within limited time.

This article attempts to develop the conceptual understanding of topic with the help of real life examples. An analytical framework/ model is developed (eight factors/ parameters can be use for any kind of social enterprises) to apply and analyses social enterprises. There is further scope to make this paper more practical by collecting first hand data on above mentioned cases or by considering some other social enterprises present nationally or globally. The collected data and generated information can be used to validate the concept by spending more resources like time, money and manpower.

## Acknowledgement

This paper is the outcome of the post doctorate work held at The University of Trento, Italy awarded by the Erasmus Mundus Action 2 Lot 11/ Strand 1: Asia.



## References

- Austin, J., Stevenson H. and Wei-Skillern, J. (2006), "Social and commercial entrepreneurship: Same, different, or both?" *Entrepreneurship Theory and Practice*, Vol. 30 No. 1, pp. 1–22.
- Baregheh, A., Rowley, J. and Sambrook, S. (2009), "Towards a multidisciplinary definition of innovation. *Management Decision*", Vol. 47 No. 8, pp. 1323–1339.
- Bloom, P.N. (2009), "Overcoming consumption constraints through social entrepreneurship", *Journal of Public Policy and Marketing*, Vol. 28 No. 1, pp. 128–34.
- Booth, P. and Whetstone, L. (2007), "Half a cheer for fair trade", *Economic Affairs*, Vol. 27 No. 2, pp. 29–36.
- Bornstein, D. (2007), "How to change the world: Social entrepreneurs and the power of new ideas" Cary NC: Oxford University Press USA.
- Borzaga, C. and Defourny, J. (Eds.). (2001), "The emergence of social enterprise", London and New York: Routledge.
- Boschee, J. (2006), "Strategic marketing for social entrepreneurs", Dallas, TX: The Institute for Social Entrepreneurs.
- Catford, J. (1998), "Social entrepreneurs are vital for health promotion—but they need supportive environments too", *Health Promotion International*, Vol. 13 No. 2, pp. 95–98.
- Chandler, D. (2001), "The road to military humanitarianism: How the human rights NGOs shaped a new humanitarian agenda", *Human Rights Quarterly*, Vol. 23 No. 3, pp. 678–700.
- The EMES European Research Network asbl (2012), "The EMES approach of social enterprise in a comparative perspective", Liege, Belgium: J. Defourny and M. Nyssens. Retrieved from [http://politika.lv/article\\_files/2449/original/EMES-WP-12-03\\_Defourny-Nyssens.pdf?1376987118](http://politika.lv/article_files/2449/original/EMES-WP-12-03_Defourny-Nyssens.pdf?1376987118).
- Germak, A. J. and Singh, K. K. (2009), "Social entrepreneurship: Changing the way social workers do business", *Administration in Social Work*, Vol. 34 No. 1, pp. 79–95.
- Harvard University Hauser Center for Nonprofit Organizations (2002), "Working Paper #15: Social entrepreneurship and social transformation: An exploratory study", Cambridge, MA: S. H. Alvord, L. D. Brown, & C. W. Letts. <http://dx.doi.org/10.2139/ssrn.354082>.
- Hockerts, K. (2006), "Entrepreneurial opportunity in social purpose business ventures", In J. Mair, J. Robertson, & K. Hockerts (Eds.), *Social entrepreneurship* (pp. 142–154). Basingstoke, UK: Palgrave.
- The Kauffman Center for Entrepreneurial Leadership. (1998), "The meaning of "social entrepreneurship", Kansas City, MO: J. G. Dees. Retrieved from <http://csi.gsb.stanford.edu/sites/csi.gsb.stanford.edu/files/TheMeaningofsocialEntrepreneurship.pdf>.
- Kingma, B. R. (1994), "Public good theories of the non-profit sector: Weisbrod revisited", *International Journal of Voluntary and Nonprofit Organizations*, Vol. 8 No. 2, pp. 135–148.
- Lamia, K., (2008), "Demystifying micro-credit: The Grameen Bank, NGOs, and neoliberalism in Bangladesh", *Cultural Dynamics*, Vol. 20, pp. 5–29.

- Larance, L. Y. (2001), "Fostering social capital through NGO design: Grameen Bank membership in Bangladesh", *International Social Work*, Vol. 44 No. 1, pp. 7–18.
- Mair, J. and Martí, I. (2006), "Social entrepreneurship research: A source of explanation, prediction, and delight", *Journal of World Business*, Vol. 41 No. 1, pp. 36–44.
- Martin, R. L. and Osberg, S. (2007), "Social entrepreneurship: The case for definition", *Stanford Social Innovation Review*, Spring, pp. 28–39. Retrieved from [http://www.ssireview.org/images/articles/2007SP\\_feature\\_martinosberg.pdf](http://www.ssireview.org/images/articles/2007SP_feature_martinosberg.pdf).
- McKerrow, J. H. (2005), "Designing drugs for parasitic diseases of the developing world", *PLoS Med*, Vol. 2 No. 8, e210.doi: 10.1371/journal.pmed.0020210.
- Murray, D. L. and Raynolds, L. T. (2007), "Globalization and its antinomies: Negotiating a Fair Trade movement", In L. T. Raynolds, D. L. Murray, and J. Wilkinson (Eds.), *Fair trade: The challenges of transforming globalization* (pp. 3–14). Abingdon, Oxon, UK: Routledge.
- National Knowledge Commission [India] (2007), "*Innovation in India*", Chanakyapuri, New Delhi: A. Kolaskar, S. Anand, and A. Goswami (NKC Innovation Team). Retrieved from [http://knowledgecommission.gov.in/downloads/documents/NKC\\_Innovation.pdf](http://knowledgecommission.gov.in/downloads/documents/NKC_Innovation.pdf).
- Nicholls, A. J. (2002), "Strategic options in fair trade retailing", *International Journal of Retail & Distribution Management*, 30(1), 6–17.
- Nicholls, A. J. (2004), "Fair trade new product development", *The Service Industries Journal*, Vol. 24 No. 2, pp. 102–117.
- Oloruntoba, R. and Gray R. (2009), "Customer service in emergency relief chains", *International Journal of Physical Distribution & Logistics Management*, Vol. 39 No. 6, pp. 486–505. doi:10.1108/09600030910985839.
- Osmani, L. N. K. (2009), "Impact of credit on the relative well-being of women: Evidence from the Grameen Bank", *IDS Bulletin*, Vol. 29 No. 4, pp. 31–38.
- Oxford Saïd Business School Skoll Centre for Social Entrepreneurship. (2007), "*Social innovation: What it is, why it matters and how it can be accelerated*", Oxford, UK: G. Mulgan, S. Tucker, R. Ali, & B. Sanders. Retrieved from <http://youngfoundation.org/wp-content/uploads/2012/10/Social-Innovation-what-it-is-why-it-matters-how-it-can-be-accelerated-March-2007.pdf>.
- Raynolds, L. T. and Long, M. A. (2007), "Fair/Alternative Trade: Historical and empirical dimensions", In L. T. Raynolds, D. L. Murray, and J. Wilkinson (Eds.), *Fair trade: The challenges of transforming globalization* (pp. 15–32). Abingdon, Oxon, UK: Routledge.
- Ridley Duff, R., and Bull, M. (2011), "The third sector and the social economy", *Understanding Social Enterprise: Theory and Practice* (pp. 11–55). Thousand Oaks, CA: SAGE.
- Seelos, C. and Mair, J. (2005), "Social entrepreneurship: Creating new business models to serve the poor", *Business Horizons*, Vol. 48 No. 3, pp. 241–246. <http://dx.doi.org/10.1016/j.bushor.2004.11.006>

- Speckley, Freer. (1978), "*Social audit: A management tool for co-operative working*", Vale of Glamorgan, Wales: Beechwood College. Retrieved from <http://www.locallivelihoods.com/cmsms/uploads/PDFs/Social%20Audit%20-%20A%20Management%20Tool.pdf>.
- UK Department of Trade and Industry (DTI). (2002), "*Social enterprise: A strategy for success*", London, UK: UK DTI. Retrieved from [http://www.uk.coop/sites/storage/public/downloads/se\\_strategy\\_2002.pdf](http://www.uk.coop/sites/storage/public/downloads/se_strategy_2002.pdf).
- Vaux, T. (2001), "*The selfish altruist: Relief work in famine and war*", London, UK: Earthscan Publications Ltd.
- Wahid, A. N. M. (1994), "The Grameen Bank and poverty alleviation in Bangladesh", *The American Journal of Economics and Sociology*, Vol. 53 No. 1, pp. 1–15. <http://www.jstor.org/stable/3487196>.
- Weber, J. (2007), "Fair trade coffee enthusiasts should confront reality", *Cato Journal*, Vol. 27 No. 1, Retrieved from <http://object.cato.org/sites/cato.org/files/serials/files/cato-journal/2007/1/cj27n1-9.pdf>.
- ZEF Bonn Center for Development and Research (1999), "*Village pay phones and poverty reduction: Insights from a Grameen Bank initiative in Bangladesh*", Bonn, Germany: A. Bayes, J. Von Braun, & R. Akhter. doi: <http://hdl.handle.net/10068/130144>.