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Corporate social entrepreneurship in India

Introduction

For a long time corporations and non-profit organizations were thought to play more or less distinct roles in society (Ashman, 2001; Doh et al., 2010). According to the proponents of Hayekian economics the primary role of business was to make profits, serving society best when corporations maximized returns to their shareholders (Friedman, 1970), whereas the key role of non-profit organizations was considered to be tackling challenges such as alleviating poverty or improving environmental sustainability. However, many authors have argued that the enormity and complexity of today's social problems demand that corporations and non-profit organizations join forces as greater resource mobilization and innovation are needed to successfully address these challenges (Kanter, 1999; Porter and Kramer, 2002, 2011).

Today, the private sector possesses an increasing share of the world's financial resources (Rondinelli, 2003), which enables corporations to step in and support non-profit organizations in their mission (Carroll, 1991; Mescon and Tilson, 1987). In fact, the private sector is increasingly participating in market-based approaches to alleviating poverty in which companies mobilize resources to serve the poor population with products and services, which are thought to enhance social value (London and Hart, 2004; Prahalad, 2006). In addition, many social entrepreneurs are dedicating their resources to identify solutions to prevailing social problems (Zahra et al., 2009).

Yet, while private sector corporations are increasingly seeking to address not only their financial but also their 'social bottom line', there are sometimes inherent tensions caused by combining the goals of social innovation and profit making in every-day organizational practice (Austin and Reficco, 2009; Hemingway, 2005; Venn and Berg, 2013). To embrace

this challenge an increasing number of corporations have started to engage in corporate social entrepreneurship (CSE) activities – combining entrepreneurship and social value creation (Austin et al., 2005; Zaefarian et al., 2015). Despite the growing importance of CSE, the literature on this topic is still embryonic (Michelini and Fiorentino, 2012). In particular, various scholars call for a deeper understanding of how social entrepreneurial capabilities and corporate business objectives can be combined in every-day organizational practice (Austin and Reficco, 2009; Hemingway, 2005; Venn and Berg, 2013). Yet empirical studies on CSE are still quite limited in number, and it is often unclear how organizations integrate social entrepreneurial capabilities and corporate business objectives in their operations (Austin and Reficco, 2009; Linna, 2012).

Our study aims at bridging these research gaps by analyzing how corporations in India can create social and economic value through corporate social entrepreneurial activities. To realize this objective we examine three corporate social enterprises and illustrate how corporate history, organizational resources, and institutional environment have been utilized to address societal needs through use of commercial means. The article contributes to the existing knowledge on CSE by developing an integrated model of CSE which deepens our understanding of social entrepreneurial activities within for-profit corporations. It further enriches the existing models of CSE (Di Domenico et al., 2009; Spitzack et al., 2013) by developing relational links in the form of propositions between environmental dynamics and CSE actions, between organizational capabilities and CSE actions, and between organizational actions and CSE outcomes.

The rest of the article is structured as follows. In the next section, we briefly review different literature streams to differentiate CSE from related concepts. We then describe our methodology, data collection and analysis. Moreover, we explain the within case study and cross case study analysis. Finally, we present and discuss our results before we provide

implications to theory and practice.

Literature review

Three literature streams focus on socially responsible activities of corporations in developing markets: the literature on base of the pyramid (BoP) (Prahalad and Hammond, 2002; Sánchez and Schmid, 2013), strategic corporate social responsibility (CSR) (Fukukawa, 2010; Jamali and Mirshak, 2007; Jamali, 2007), and CSE (Raimi et al., 2015; Spitzeck et al., 2013; Zaefarian et al., 2015). CSE differs from strategic CSR as it goes beyond strategic action and includes elements of innovation, entrepreneurial behavior, and risk taking (Austin and Reficco, 2009; Hemingway, 2005; Zaefarian et al., 2015). It aims at realizing financial and intangible gains while simultaneously creating social value (Spitzeck et al., 2013; Venn and Berg, 2013). Furthermore, unlike CSR, CSE involves greater resource commitments and is often run as an integrated business unit. In other words, while it is relatively easy to allocate certain financial resources for CSR activities, it is far more challenging to create a business unit that uses the core resources of the firm to innovate and create socially and financially active products and services.

Academic and practitioner interest in social entrepreneurship is relatively recent (Dacin et al., 2010; Peredo and McLean, 2006; Robinson et al., 2009; Short et al., 2009). Many of the literature reviews of social entrepreneurship (Dees, 1998; Defourny and Nyssens, 2008; Huybrechts and Nicholls, 2012) identify social enterprises as organizations between the continuum of non-profit and for-profit organizations that attempt to find solutions to the social problems of marginalized people or communities. As is the case with commercial entrepreneurship (Shane and Venkataraman, 2000) the process of social entrepreneurship starts with the identification of opportunities (Perrini et al., 2010). The difference is that commercial entrepreneurs attempt to identify opportunities to make profit, whereas social entrepreneurs try to identify opportunities to create social value (Austin, Stevenson, et al.,

2006; Baker and Nelson, 2005; Desa, 2012; Phillips and Tracey, 2007). To create social value while making profits requires individual motivation, environmental dynamics, and organizational capabilities. This process is difficult because in the majority of cases social objectives compete with profit-making goals, particularly in contexts such as South Asia where social and economic challenges are abound (Nicholls, 2010; Santos, 2012; Schuster and Holtbrügge, 2012).

The social entrepreneurship revolution in South Asia began with the cooperative movement in the late 1960s in western India (Kurien and Salve, 2005), the initiation of self-help groups in late 1970s (Datta and Gailey, 2012), and the microfinance revolution led by BRAC (Mair et al., 2012) and Grameen Bank in early 1980s in Bangladesh (Yunus and Jolis, 1999). In 2010, SKS microfinance was one of the first social enterprises that successfully went public and floated its shares through an initial public offering (IPO) (Gunjan et al., 2010). Today, we see a strong recognition of social entrepreneurship in South Asia embodied in networking events like Sankalp Forum, university degrees in social entrepreneurship, incubation programs, non-profit grants, impact investments, and advocacy groups such as National Association of Social Enterprises (NASE) and Impact Investor Council (IIIC) (Sonne, 2012). Most of the social enterprises in South Asia **have been motivated by finding** solutions to the intolerable social and economic conditions such as lack of financial services (Mair and Marti, 2009), lack of quality education, lack of health care services, and other social and economic challenges (Rajan et al., 2014).

CSE differs from social entrepreneurship as the social mission ranks below **profit making**, whereas for social enterprises the social mission is at the core (Battilana and Lee, 2014). According to Austin et al. (2006, p. 170), CSE is defined as “the process of extending the firm’s domain of competence and corresponding opportunity set through innovative leveraging of resources, both within and outside its direct control, aimed at the simultaneous

creation of economic and social value”. On the contrary, Zaefarian et al. (2015) define CSE as the combination of entrepreneurial orientation elements like innovativeness, pro-activeness and risk-taking with social entrepreneurship elements like social innovation, systemic change and social value generation. Both definitions therefore acknowledge that the purpose of CSE is to discover ways to make social and economic returns complementary and synergistic rather than competing (Paine, 2003). In accordance with these views, we define CSE as the employment of firm resources and capabilities to provide solutions to institutional voids and high levels of inequality using social entrepreneurial strategies. In this connection, a vital part of the value generating strategies is based on collaboration with other organizations such as businesses, civil society, or government (Austin and Reficco, 2009). Though CSE is a promising concept, companies face various challenges when they have to implement CSR in practice as social value creation sometimes competes with more commercially driven market demands. In this study, we investigate how three companies in India designed their CSE activities.

Data and Methods

Context of India

The context of India as the largest country in South Asia offers many contrasting realities. India with GDP greater than the \$2-trillion mark in 2014, is one of the fastest expanding economies in the world with an annual growth rate of 7.3% (World Bank 2014). Despite these economic indicators, India has a very high illiteracy rate (37.2%), a high infant mortality rate (41.4 per 1,000 live births), and a high percentage of people living below the poverty line (23.6%) (UNDP, 2015). These observations are further aggravated by the fact that India also has low financial inclusion (World Bank 2015), very high water stress levels and very poor sanitation and waste management facilities (Morrison et al., 2009; WHO,

2005). These contrasting factors make it imperative to explore business models that are financially sustainable and address these social problems in India.

Methodology

Hence, we choose an explorative approach by relying on qualitative case studies. Building on previous empirical studies on social entrepreneurship (Hockerts, 2010; Lyon and Fernandez, 2012; Mair and Marti, 2009), we apply a comparative multiple case study approach as this method closely links empirical observations with existing theories. Moreover, this approach is useful to reduce researcher biases and to increase the likelihood of building empirically valid theories (Eisenhardt, 1989; Suddaby, 2006). In addition, this approach allows us to systematically analyse complex causal links in consideration of numerous different factors (Yin, 1981). Finally, a multiple case study approach helps to reveal differences and similarities among the cases and to embed the findings in a broader context (Eisenhardt and Graebner, 2007).

Case selection and data collection

To advance our understanding of CSE, we select cases based on information oriented sampling, as diverse cases reveal more than similar cases. Further, to develop a framework of CSE, we analyse three heterogeneous cases (Project Swasth by Doshion, ICICI foundation by ICICI Bank and e-Chaupal by ITC India Limited) of CSEs operating in India. There are three reasons that led us to focus on these companies. First, the selected cases have a long organizational history and have developed core capabilities in sectors such as finance, water and market inclusion. Second, the mission of these CSEs explicitly highlights a social focus and each of the CSEs comprises social innovation. Finally, each of the selected case represents a unique socio-economic sector which complements the lack of empirical studies on CSE.



We interviewed an employee each from Doshion and ICICI Foundation in order to obtain insights into the operations of CSE in these organizations. These included a project manager from Doshion responsible for the Project Swasth. We already had extensive knowledge of this organization as one of the authors of this article had been hired by the French company Veolia Technologies from Paris as a consultant at a time when the French company was interested in purchasing Doshion. We also spoke to a research fellow from ICICI foundation. For the third case, the E-Choupal project, we initially e-mailed the CEO our questions. He put us in touch with his project manager who shared relevant online links that could answer our questions. The average length of the two above interviews were 60 minutes. The data of the interviews were advanced and complemented by publically available secondary data sources like websites on their CSE activities, annual corporate reports, newspaper publications, and academic articles dealing with CSE activities of those organizations. A brief summary of the three case studies is provided in Table 1.

 Insert Table 1 here

Data Analysis

We used a content analysis approach to explore the data (Krippendorff, 2012). We analyzed the data using Gartner's (1985) framework of new venture creation, which takes into account the context and environment, firm motivation and skills, and process of creation and organization. During the content analysis, we coded the data with regard to dominant logic and firm resources in order to clarify the ability of the firm; social problems within the institutional context of India to clarify about the context and environmental dynamics; social innovation to clarify how the environmental context and firm resources were strategically

used for social innovation. Finally, we coded the data with regard to our analytical framework categories of ‘antecedents’, ‘actions’, and ‘outcomes’ to clarify the benefits that these firms realized through their corporate social entrepreneurial actions. Here we mostly relied on secondary data such as annual corporate reports, newspaper publications, and academic articles.

Within case analysis

Project Swasth by Doshion water management services limited

Doshion exists since 1978 and looks back on more than 35 years’ experience of providing the complete life-cycle services of municipal drinking water and waste water management services (Doshion, 2015a). Drinking water is a major problem in many regions of India. The water contains metallic and organic impurities causing health risks and economic loss (productivity loss and increased medical cost). The quality of ground water in India is declining every year due to the cyclical nature of rainfall and the lack of water reservoirs, which intensifies water stress and health impact. While this is a major challenge for both the government and the local population, it also provides opportunities for entrepreneurial firms to create business models that address underlying socio-economic issues.

Doshion used its technical capabilities in water treatment and waste management services to develop an innovative product as a service business line to address water scarcity and quality - named Project Swasth (clean and healthy). As part of this project, it reengineered an industrial water-cleaning machine using latest technologies to produce drinking water (of WHO standards) from highly saline water. To address the capital and operational expenditure, it developed a service oriented business model, similar to micro level BOOT (Build-Own-Operate-Transfer) project. This means that Doshion completely financed the investments for the drinking water units and granted local entrepreneurs a concession to

operate the drinking water unit without transferring the property rights. In order to operate the drinking water unit, the local entrepreneur employs poor people, who bottle and distribute the drinking water and sell it in their local community. As the local entrepreneurs bear the risk of employing these people, they receive a monthly fee for this service. As both parties bear certain risks the monthly earnings are divided between them.

The position of Swasth project on the corporate brochure ensures that in the corporate communication, social responsibility is seen as integral part of the firm. The reputation acquired from this experience has leveraged many opportunities for Doshion. It entered into a technical partnership with Veolia technologies, and obtained financial investments from the International Finance Corporation (IFC) (The Economic Times 2012). In 2012, Doshion received the "Most Admired Emerging Infrastructure Company - Water and Urban Infrastructure Category Award" at the 5th Edition of KPMG Infrastructure Today Awards (Doshion, 2015b).

ICICI foundation by ICICI bank

ICICI bank was established in 1954. It is the second largest bank and largest private bank in India. By the end of 2012, its revenues were USD 12 billion and total assets under management were USD 100 billion. With the skills and capabilities acquired from traditional banking sector operations, ICICI has developed many organizations that serve both the public and private sector reinforcing and developing the financial sector of India. The poor segments of Indian society are widely excluded from mainstream financial services. It is estimated that about 60 percent of the working population has no access to a bank account (ICICI Foundation, 2014). The cost of travelling to the bank, opening a bank account, depositing the savings, and retrieving them is far higher than just consuming the savings over the period of time. Further, the poor do not have the credit history or the collateral to raise capital in order

to start small businesses. In order to address this social issue, innovations in both financial and technology sectors are required to provide financial services for remote communities in an efficient and ethical manner.

ICICI Foundation was founded in 1993 (ICICI Foundation, 2014). The bank has spent approximately 2 percent of its average profit after tax on donations and grants - primarily directed to the ICICI Foundation to foster inclusive growth (ICICI Bank, 2015). The ICICI Foundation devotes approximately 40 percent of its budget to the financial inclusion sector allowing the foundation to design innovative business models to deliver rural and micro-credit services, develop co-created links between self-help groups and ICICI Bank, and generate new jobs by employing business correspondents in the rural sector. In its financial inclusion program, the foundation and the bank have developed a number of highly inclusive financial products like health insurance, working capital loans for SMEs, farmers and rural artisans, micro-credit to low income households, and savings for low income households through business correspondent model. In particular, the foundation developed in collaboration with the ICICI Bank, ICICI Lombard (insurance company of the ICICI Group) and the World **Bank India's** first rainfall stress index-based insurance product (ICICI Foundation, 2016). The learning from these programs are included in its financial inclusion platform and corporate leadership development programs.

ICICI Bank annual corporate reports outline the activities of the foundation and in particular the financial inclusion activities. Further, the activities of the foundation opened up collaboration for ICICI Bank with government, local self-help groups, local NGOs and international developmental institutions (ICICI Foundation, 2015).

ITC E-Chaupal

ITC was founded in 1910 under the name Imperial Tobacco Company of India Limited. The company is a multi-business conglomerate comprising fast moving consumer goods, hotels, paperboards and specialty papers, packaging, agri-business, and information technology (ITC, 2014a). ITC business portfolio is highly embedded in rural India where poverty levels are very high. ITC emphasises performance based on its financial and community based involvement (Upton and Fuller, 2004).

“We believe that our corporate strategy which embraces societal development as an integral part of our mission of wealth creation for our stakeholders ensures the long term sustainability of our business enterprise” (Chairman, ITC) (ITC, 2014b)

One of the socio-economic issues that farmers experience is the lack of information on weather forecast and market prices of farm produce. This leads to below market price valuation of farm produce and lower income for the farmers. Another major problem is the lack of quality farm seeds and information on latest farming techniques leading to lower productivity on the farms. Furthermore, lack of employment opportunities for women in India is one of the major causes of low household income and subsequent poverty (ITC, 2014b).

ITC blends its business needs with social purposes through a series of entrepreneurial initiatives (ITC, 2014c). The e-chaupal initiative (village internet kiosks) by ITC, which started in 2000, bridges the information gap of small and marginal farmers in rural India. It provides real-time weather and price information, and relevant knowledge and services to enhance farm productivity and quality. The ITC e-chaupal social and farm forestry initiative employs technology intensive plantation methods to optimally use wastelands and provides additional income to wasteland owners. The rural farmers' produce acts as raw material to the ITC's paper and paperboards industry. ITC provides sustainable economic opportunities to

poor women in rural areas by organizing them into self-help groups and providing them with vocational training and micro-credit support (ITC, 2014b).

The e-chaupal initiative has given socio-political and market legitimacy for agri-business division of ITC. The strategic CSE approach adopted by ITC has helped in developing a holistic rural community model that is closely linked with business objectives. ITC has been honoured with multiple awards like the ‘Most Active in CSR’ award among Indian companies award by the Nielsen Corporate Image Monitor 2012-13 and 12th Businessworld FICCI Corporate Social Responsibility Award (ITC, 2014b).

Cross case analysis and Model of CSE

In this section, we examine the similarities and differences between the three cases. Table 2 presents the cross case comparison of the three CSEs. The aim of this cross case analysis is to study the patterns based on the within case analysis and to anchor them based on the literature review.

Insert Table 2 here

CSE antecedents

Environmental dynamics. Environmental dynamics have been extensively discussed in the social entrepreneurship literature as the sources of social entrepreneurial innovation (Weerawardena and Mort, 2006; Weerawardena et al., 2010). Environmental dynamics such as socio-economic conditions, socio-political movements addressing global poverty and sustainability issues (Lucci, 2012; UNDP, 2006), regulatory frameworks on CSR (Indian Ministry of Corporate Affairs, 2014), and the growth of social entrepreneurship eco-systems in India are encouraging drivers behind corporate social entrepreneurial actions.



In all the three cases, we observe that firms **who** were highly embedded in the local environment were motivated to undertake CSE activities because of the social environment (Table 2). Based on the literature evidence (Mair and Marti, 2009; Schuster and Holtbrügge, 2012) and data from the cases, we suggest that social problems act as opportunities for social entrepreneurial actions. For instance, Doshion was able to leverage its capabilities and knowledge of local problems to find solutions to drinking water crises.

“The mining operations in Nagpur district of Rajasthan result in water pollution and drinking water shortage for the poor communities. Doshion developed technology intensive reverse osmosis solution that treats TDS 20000 water into TDS 300 which makes water potable and further operate the machine on BOOT basis at nominal price” (Doshion, 2015c)



The **cases** studies show that government incentive schemes can foster CSE actions as well. For instance, the government of Gujarat and the local municipal corporation in Ahmedabad have incentive schemes which acted as an important motivation for Doshion to use its resources and capabilities to address water related issues in water stress regions. The Government of India has policies that incentivize banks to include the poor into formal banking systems (Grunewald and Baron, 2011; World Bank, 2015; Yunus, 2009), which had motivated the ICICI bank to engage in CSE activities. Similarly, there are many governmental schemes **to help developing** agricultural productivity and village financial sustainability. Thus, we argue that governmental incentives encourage CSE actions.



Proposition 1a: The higher the prevalence of social problems and government incentives towards socially responsible actions, the higher the likelihood of CSE actions by locally embedded corporations.

Organizational capabilities. All three case studies show that the companies used their organizational history, core capabilities and organizational resources to address social issues.

Water is one of the missions within Millennium Development Goals (MDGs) that calls for

global attention (McArthur, 2012; United Nations, 2015). Doshion with its expertise in the water sector and knowledge of the community in Gujarat developed a service-oriented business model for pro-social drinking water solutions. ICICI bank with its history and knowledge in financial services sector, coupled with its people centric operations, and government policies engage in CSE activities through the ICICI foundation. ITC with its history in farm procurement and marketing provide a solution to **this** social problem through e-chaupal initiative, providing real-time market prices of farm commodities and information on latest farming techniques.



Proposition 1b: The higher the organizational capabilities (organizational history, core capabilities and organizational resources) at solving social problems, the higher the likelihood of CSE actions.

CSE actions

The case studies outline that the corporations take three key actions in their attempt to create CSEs namely substantial resource commitments, creation of social innovations and new business models, and development of collaborations with local stakeholders. CSE actions also require the top management commitment to the social mission, **encourages** entrepreneurial thinking of employees, **aligns** the company structure and process towards social value creation, and **develops** a strong value-based organizational culture.



Resource commitment. Organizations that aim at developing novel products and services have to commit time, resources, people, and capital (Weerawardena et al., 2010). All three CSE cases illustrate that the corporations had allocated human and financial capital resources in a strategic manner - aligning core capabilities with social problems. For example, Doshion developed cost effective water filtration system by investing in engineers, machines, research, design, product development, and manufacturing. It created a separate division

consisting of service engineers, marketing and liaison teams, sales teams and area coordinators which directly reports to one of the presidents of the Doshion group. ICICI Bank devoted human and financial resources to the ICICI Foundation. The ICICI Foundation is a separate entity which is strategically managed (ICICI Foundation, 2015). Similarly, ITC also made substantial investments in developing the technological infrastructure in rural areas of India. With the development of e-chaupal ITC helped farmers to gain access to market information on seed and fertilizer prices, latest agriculture technologies and agriculture specific government policies (Upton and Fuller, 2004).

Social innovation and creation of new business models. Successful CSE requires social innovation and new business model addressing the social requirement for people with weaker paying potential. From social entrepreneurship studies (Gupta and Khilji, 2013; Linna, 2012; Seelos and Mair, 2007) one can infer that CSEs will encounter similar difficulties. In order to develop successful CSEs, firms require persistence, engagement and high degree of stakeholder involvement (Dacanay, 2012; Smith et al., 2013). In all three case study organizations were actively involved in stakeholder management, business model innovation and social innovation. Doshion developed a micro level BOOT business model in which local entrepreneurs were strongly integrated in the business model to address the challenges of drinking water scarcity and poor drinking water quality. ICICI Foundation developed technologies and co-created new business models to deliver rural and micro-credit services. It engaged with local NGOs, employed university graduates who were motivated for socially sustainable work, and developed research programs to understand the needs of the rural poor population, its risk taking capabilities and market potential for formal banking services. Involving different stakeholders within the local communities helped ICICI to better assess and understand rural markets and culture, which in turn allowed the company to develop pilot projects such as microfinance for renewable energy products, water harvesting projects, and



micro-insurance for rural farming. Finally, ITC created a new business model by establishing networks with governmental and civil society partners in the communities where they operate these networks (Goyal, 2010).

Developing collaborations with NGOs, local entrepreneurs and government. CSEs need to develop collaborations with local organizations such as NGOs, local entrepreneurs, or the government if they want to successfully operate in resource constrained environments (Montgomery et al., 2012; Sakarya et al., 2012). In fact, these organizations have a much better understanding of the ground realities than the CSEs and could be very helpful in successfully developing and operating new business models (Schuster and Holtbrügge, 2014a). Doshion had developed collaboration with a local entrepreneur to operate a low-cost and appropriate business model, ICICI had partnered with local NGO for providing financial services, and ITC actively engaged with governments, local communities, and NGOs in creating information kiosks (Annamalai and Rao, 2003).

Proposition 2a: The higher the investments in CSE actions, the higher the likelihood of successful market creation, new customer acquisition and potential revenues.

Proposition 2b: The higher the investments in CSE actions, the higher the public and social legitimacy, trust in the communities, and new business collaborations.

CSE outcomes

In line with the strategic CSR literature (Matten and Moon, 2008; Porter and Kramer, 2011) and social entrepreneurship literature (Sakarya et al., 2012; Yunus, 2009; Yunus et al., 2010), our study reveals that CSE initiatives lead to both explicit and implicit outcomes. The outcomes of CSEs cannot be simply assessed on the basis of performance measures, but have to be contextualized with reference to their implicit and explicit outcomes, just as is the case with social enterprises (Hoogendoorn et al., 2010; Nicholls, 2009; Sharir and Lerner, 2006).

Explicit CSE outcomes: One of the primary roles of social enterprises that distinguish them from for-profit enterprises is that social value creation rank higher than economic value creation (Dees and Anderson, 2006). Doshion primarily aimed at solving the prevailing social problem of water scarcity and quality. By addressing this social challenge the company simultaneously created a new market by expanding its water services to marginal sectors of the society and thereby generated profits.

“The water from Swasth water units has decreased the health problems in the village and now most people in the village are buying its water” (Village Political leader)

The ICICI foundation addressed the social problem of financial exclusion by providing micro-loans to the rural poor in India. This helps the local population to start new micro-businesses and to increase its total household income.

“During my field work, the ICICI logo and brand was everywhere, local NGOs and villagers thought of us as ICICI bankers and not foundation fellows, which helped increase the trust between poor villagers and the bank” (Former ICICI foundation fellow)

By tackling this social problem ICICI acquired new customers, which in turn led to additional revenues. ITC’s e-chaupal provided market information and agricultural technology related information to farmers. This information helped farmers get fair price for their farm produce and the farm technology information helped them to increase the farm productivity. It created new services that complimented ITC’s core business model (Table 2).

Implicit CSE outcomes. Social enterprises gain social and political legitimacy through their social mission and community focussed business practices (Huybrechts and Nicholls, 2013). In the case of Doshion, by providing technology intensive water purification system and engaging with the community entrepreneurs, local political bodies and NGOs the company was able to manage their social and political risk, which later materialised into government

projects, partnership with Veolia water technologies, and investments from IFC (The Economic Times 2012). The contribution of the ICICI Foundation in financial inclusion created goodwill for ICICI Bank, and enhanced the bank's social prestige, which in turn helped the ICICI Group to acquire government projects (ICICI Bank, 2016). Similarly, the CSE projects of ITC helped to manage its social and political risks in the communities where it operated. The case studies reveal that the positive CSE outcomes motivated the organizations to increase their CSE actions. For example, Doshion replicated their model in various parts of Gujarat and Rajasthan (Doshion, 2015c), ITC e-chaupal opened new social ventures like Chaupal Sagar (APAARI, 2014) and aqua-chaupal (Sivakumar, 2003). The ICICI Group absorbed learnings from ICICI Foundation into ICICI formal banking activities, which resulted in a larger customer base and territory of operations by sensitizing managers about rural India.

“The ICICI management learning center in Pune is used to promote ICICI bank managers’ and ICICI foundation fellows’ interactions.” (Former ICICI foundation fellow)


From the data we propose that there is a positive recursive loop between positive CSE outcomes and CSE actions.

Proposition 3: The higher implicit and explicit CSE outcomes, the higher the future investments in CSE actions.

Based on extant literature and on our findings, we conclude that CSE actions of organizations are determined by environmental factors such as the prevalence of social problems and government regulations and by organizational factors such as the organizational history, capabilities, and organizational resources. Furthermore, our findings suggest that CSE actions of firms involve substantial resource commitment, social innovation, and collaboration with different stakeholders. Such partnerships help to pool



complementary competencies, which enable innovative solutions to long-standing social and economic problems. As a result, we conclude that the pooling of distinct capabilities and resources can co-generate social and economic value (Kanter, 1999; Selsky and Parker, 2005). In fact, extant literature already outlines that cross-sector partnerships can be a powerful means for sustainable development (Kolk and van Tulder, 2010; Valente and Crane, 2010) at the BoP (Rivera-Santos et al., 2012; Schuster and Holtbrügge, 2014b). By creating

 **CSEs companies** are able to benefit from governmental policies, which favour businesses with pro-social activities. Among the implicit outcomes, we find that CSEs improve the social and political reputation of their parent organization. In addition, CSEs strengthen the understanding of local needs or appropriate actions and create new business capabilities for their parent organization. In accordance with this line of argument, we propose the following integrated model of CSE in the context of India (Figure 1).

Insert Figure 1 here

Conclusion

In this article we developed an integrated model for CSE based on three cases of CSEs in India, a context that has only received limited attention in the extant literature on CSE. We illustrate that CSE actions are determined by environmental and organizational factors. In addition, we provide empirical evidence that companies can obtain explicit and implicit benefits by addressing prevailing social problems using a CSE approach. Explicit benefits include the creation of new market opportunities and new channels of revenues, whereas implicit benefits include political and social legitimacy, trust, goodwill, and new collaborations. In order to obtain these benefits, organizations have to make substantial resource commitments towards CSE activities, develop collaborations with local

entrepreneurs and NGOs, and create social innovations. Even though the model is limited to three case studies from India, we believe that this model can be transferred to CSEs in countries with similar socio-economic and institutional characteristics.

The study is of relevance to CSR managers and new business development managers in large corporations who aim at exploiting corporate resources and environmental opportunities for strategic benefits. This seems especially relevant in the Indian context, as Schedule VII of the Companies Act 2013 mandates both local and foreign companies to spend at least 2 percent of their net profit on upliftment of the society (Indian Ministry of Corporate Affairs, 2014). Our findings indicate that corporations could obtain social and economic benefits by using the mandatory CSR investment for CSEs. According to World Bank Council for Sustainable Development (WBCSD, 2016) businesses have the technology, innovation capacity, resources, and skills to play a key role in addressing global sustainability related problems. Our model suggests that corporations should consider antagonistic environmental factors as entrepreneurial opportunities to create CSEs and explains how they should use their resources.

This study is limited by a number of factors that must be considered when assessing our findings and conclusions. First, even though we selected the cases for theoretical and not for statistical reasons, we acknowledge that there is a threat of selection bias. Still, the selected cases enabled us to increase the diversity of the data studied, while replicating selected elements as closely as possible. Second, as all cases originate from India we cannot rule out the possibility that our conclusions are only valid for a certain institutional and socio-economic context. Therefore, future studies should analyze CSEs from other parts of the world with different institutional and socio-economic conditions and contribute to the ongoing discussion within the field. Finally, when we argued that one implicit outcome of CSE action is social and political legitimacy, we relied on the perceptual view of company

representatives without having more objective information from representatives of the governmental or civil society sector. Extant literature on social impact measurement points out that legitimacy, similar to social impact, is hard to measure as we cannot assure that our results are unbiased (Millar and Hall, 2013). Therefore, future studies should incorporate different perspectives by interviewing governmental and civil society partners as well. Moreover, we believe that one fruitful research avenue is to develop reasonable measures for legitimacy and social impact in the context of CSE initiatives, which would allow future studies to test the propositions we have developed by using quantitative methods.

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Figure 1. Model of Corporate Social Entrepreneurship

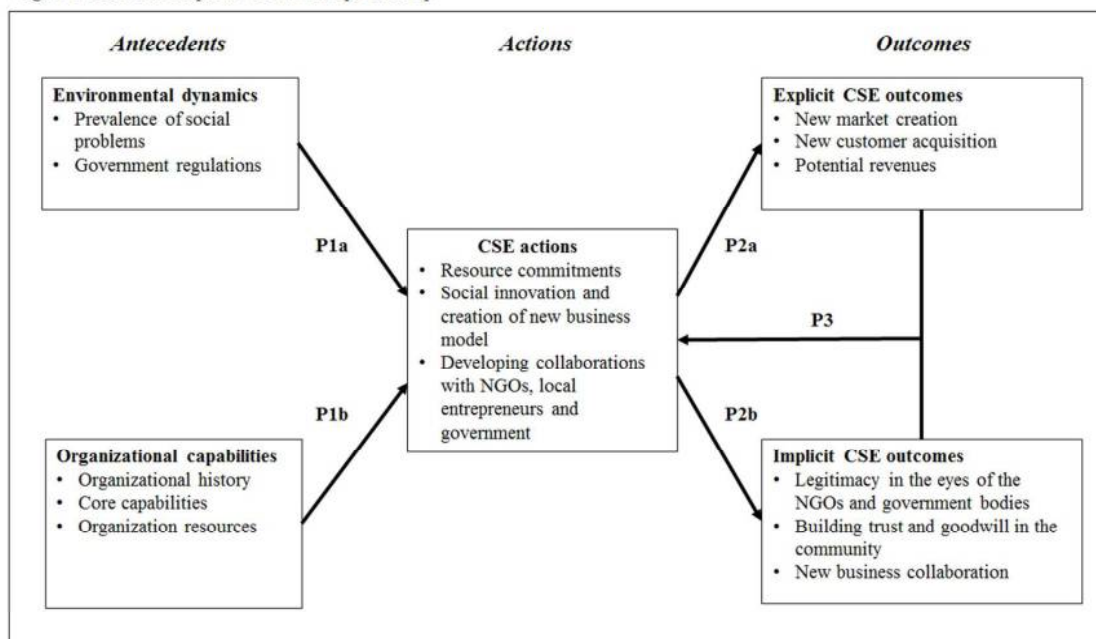


Table 1. Summary of the CSE case studies

CSE Name	Parent Company	Industry	Social Problem	Social Innovation
Mission Swasth	Doshion water management services limited	Clean technology	Lack of clean drinking water	Technologies and business model for clean drinking water
ICICI Foundation	ICICI bank	Inclusive banking	Lack of banking and financial services	Business model for inclusive financial services and inexpensive banking
E-Chaupal	ITC India private limited	Inclusive markets	Lack of access to markets and fair market prices	Business model and innovation platform for providing market information

Table 2. Cross case comparison of CSEs

	Doshion : Project Swasth	ICICI Bank: ICICI Foundation	ITC: e-Chaupal
Environmental dynamics	<ul style="list-style-type: none"> Gujarat is a water-stressed region Declining quality of drinking water Need for drinking water at affordable price Support from the local government bodies for corporate actions towards water problem 	<ul style="list-style-type: none"> Poor and uneducated rural people excluded from financial sector Limited credit history and lack of support from banks make the poor vulnerable to loan sharks and incorrect information Tax benefits for programs that address financial inclusiveness 	<ul style="list-style-type: none"> Illiterate and poor farmers have little knowledge of market prices and latest farming techniques Lack of market information lead farmers to inefficient costs and earnings Government subsidies and policies promoting the rural based small scale industries
Organizational capabilities	<ul style="list-style-type: none"> 35 year history of serving both the municipal and industrial water sectors in India Availability of human resources and technical capabilities in water treatment and waste management services Encouragement of the top management team in creating sustainable technologies 	<ul style="list-style-type: none"> Long tradition of developing the financial sector in India –Developed specific technological solutions for the underserved Core competency in banking and finance related services and technologies 	<ul style="list-style-type: none"> More than 100 years of history of engagement within agriculture sector Top management commitment towards social development and sustainable business
CSE actions	<ul style="list-style-type: none"> Reengineered industrial water-cleaning machines with latest technologies to treat ground water in remote villages. Investment of time, money and human resources Adopted innovative business model of micro level BOOT (Build-Own-Operate-Transfer) Collaboration with local entrepreneur 	<ul style="list-style-type: none"> Commitment of capital and human resources towards financial inclusiveness Established linkages between self-help groups of working housewives and rural banks (ICICI) Developed highly inclusive financial products such as health insurance, working capital loans for SMEs, farmers and rural artisans, micro-credit to low income households and savings for low income households Support of training, research and policy advocacy related to financial inclusion 	<ul style="list-style-type: none"> Development of technology platform enabling dissemination of market information about seeds, pesticides, fertilizers, and finished farm products Investments in R&D related to plant sapling Providing trainings to farmers on latest farming techniques Building relationships with local farmers, local government bodies and local NGOs
Explicit CSE outcomes	<ul style="list-style-type: none"> Chance to collaborate with Gujarat government to develop Project Swasth as a micro level PPP (public private partnership) Development of new business unit and new market 	<ul style="list-style-type: none"> Increase in rural accounts Increase in number of rural branches Stronger financial awareness of the rural population 	<ul style="list-style-type: none"> New business for ITC and increased earnings with greater access to farmers Achieved carbon neutral, water neutral & solid waste neutral status
Implicit CSE outcomes	<ul style="list-style-type: none"> Political legitimacy obtained with Gujarat government Increased goodwill and trust in local communities Closer technological and business collaboration with Veolia water technologies 	<ul style="list-style-type: none"> Increased brand presence and goodwill in rural areas Improved political and social legitimacy New capabilities and new knowledge within the organization 	<ul style="list-style-type: none"> Change in company image from a pure tobacco company to a farmer centric social company Greater trust with farmers, local NGOs, and local government institutions

About the Authors

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