



SURVEY OF SOCIAL ENTERPRISES IN INDIA—PRELIMINARY FINDINGS

October 2016
For Internal Discussion

Methodology

- The Social Enterprise Survey was administered via SurveyMonkey in April and May 2016.
- The questionnaire was first tested on a pilot group of 45 Development Marketplace grantees from the India 2011, 2013, and 2014 cohorts. The data collection was then rolled out to an additional 2,379 social enterprise contacts in India, available through the Development Marketplace and FICCI- Millenium Alliance applicant databases.
- Nonrespondents received SurveyMonkey reminders and customized emails from a World Bank staff member and/or consultant.
- Organizations were eligible to participate in the survey, if they:
 - Identified themselves as a social enterprise
 - Indicated at least one economic, social, or environmental objective designed to benefit people living in extreme poverty (the Base of the Pyramid)
 - Generated a revenue stream linked to the economic, social, or environmental benefit *[note: this was the intention during survey design, but the questions do not necessarily link the revenue streams to the objectives]*
- **529** social enterprises responded, for a **22% response rate**.



Background

The survey questionnaire was designed to address the information needs of the SEI team and to build on the existing research in the field. In particular, the following surveys informed the design:

- Intellectap (2012). *On the Path to Sustainability and Scale: A Study of India's Social Enterprise Landscape.*
- Social Enterprise UK (2015). *State of Social Enterprise Survey 2015: Leading the World in Social Enterprise.*
- British Council et al. (2016). Project plan shared for *A Survey of Social Enterprise in Bangladesh, Ghana, India, and Pakistan.*
- World Bank (2013-2015). *Enterprise Surveys*

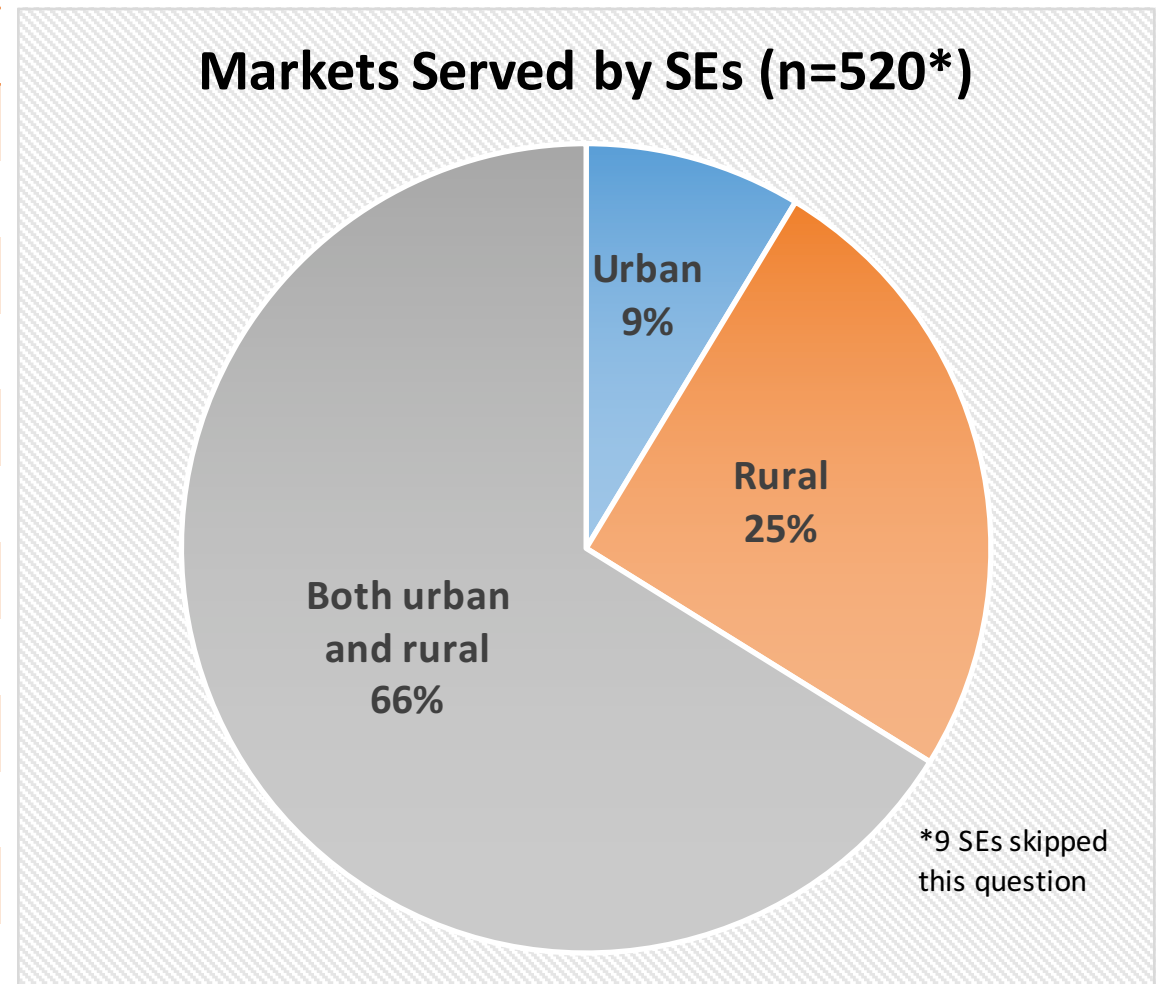


1. HISTORY AND MISSION

Social Enterprises in India

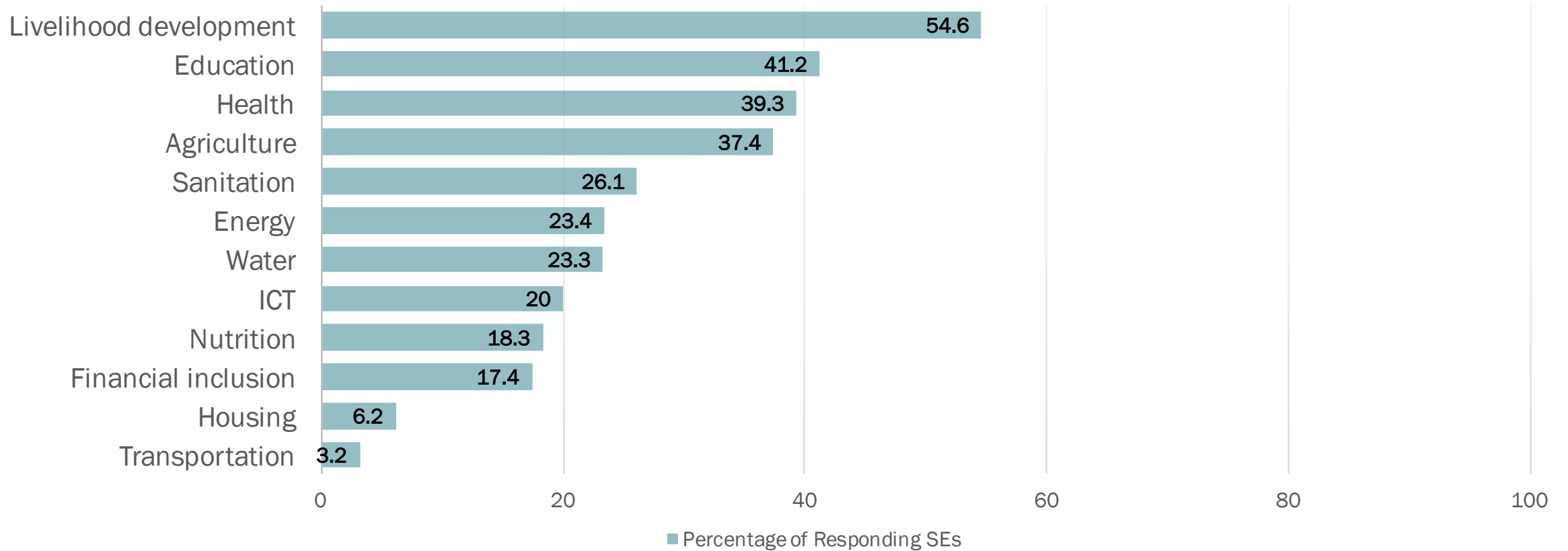
At least one social enterprise responded from all 29 states in India. Two-thirds of the enterprises operated in both urban and rural markets.

State	# of Responding SEs
Tamil Nadu	74
Delhi	56
Maharashtra	54
Karnataka	52
West Bengal	26
Gujarat	25
Telanga	23
Uttar Pradesh	23
Odisha	22
Rajasthan	22
Assam	21
Other (18 states)	131



More than half (55%) of the responding enterprises focused on livelihood development. More than a third were engaged in education, health, or agriculture.

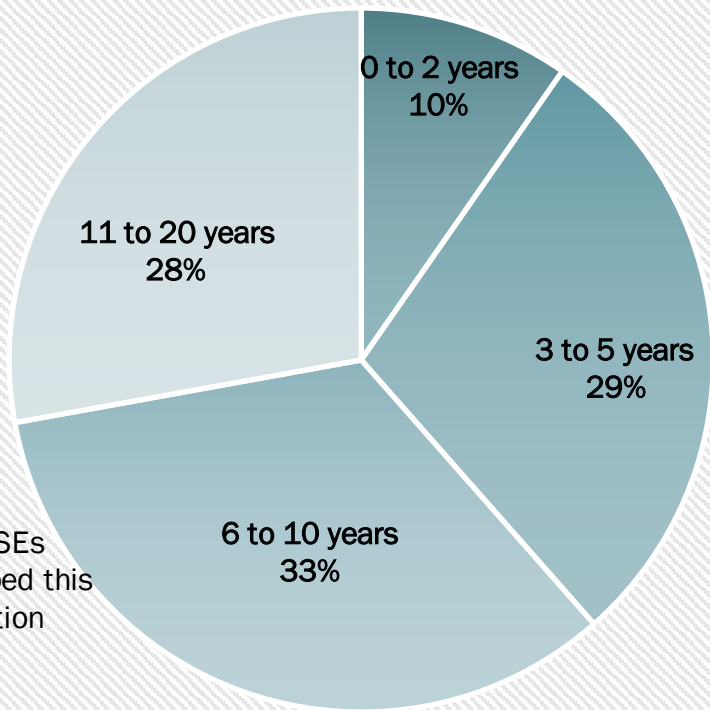
Sectors in which Enterprises Operate (n=529)



*Respondents could select multiple options

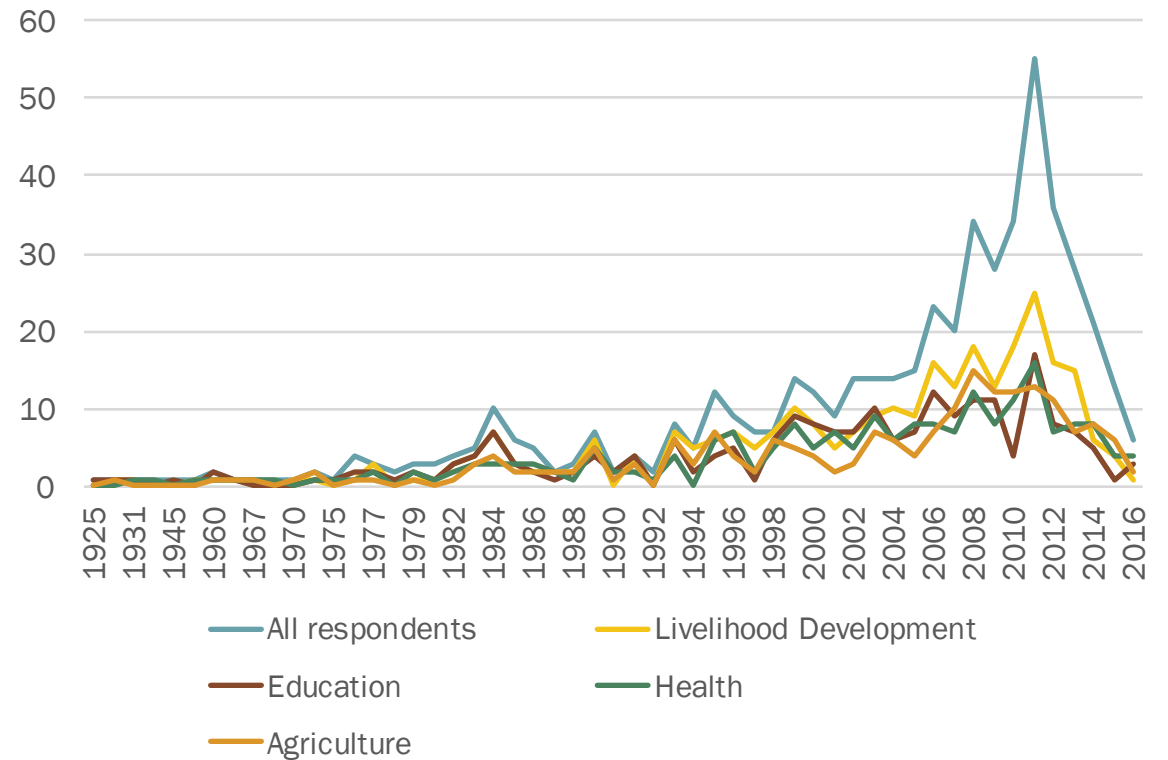
More than a third of the responding enterprises (39%) have been operating for 5 years or less. Overall, the pattern of responses related to the age of the enterprise did not vary significantly by sector, but there does appear to be a relative decrease since 2010 in the establishment of SEs operating in agriculture.

**Age of Responding Social Enterprises
(n=518*)**



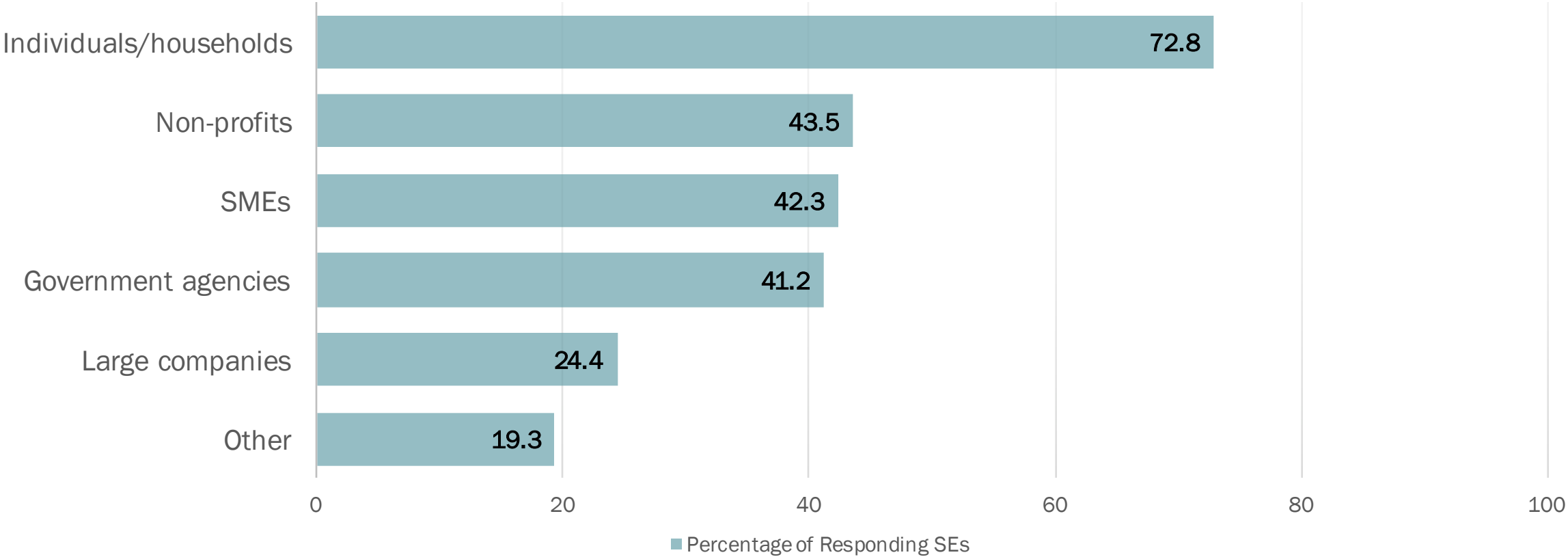
*11 SEs skipped this question

Responding SEs by Year Established and Sector



Nearly three-quarters (73%) of the enterprises targeted individuals or households.

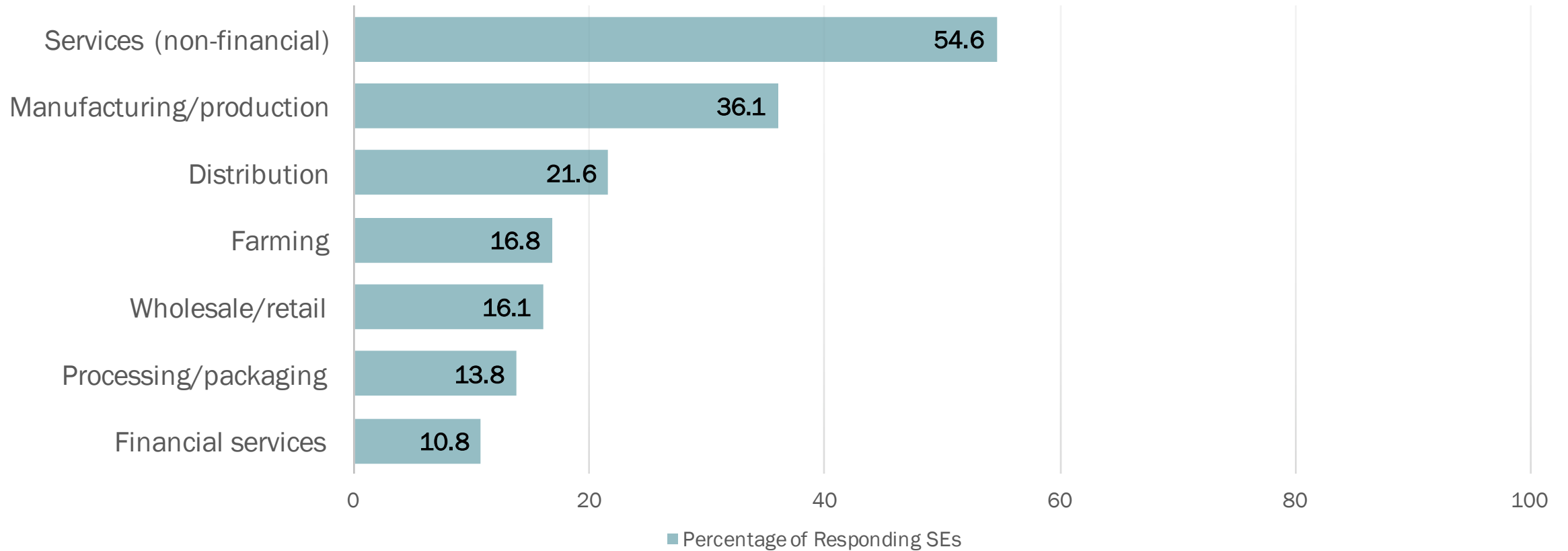
Types of Consumers Targeted by Enterprises (n=529)



*Respondents could select multiple options

More than half of the enterprises (55%) provided non-financial services, and more than a third (36%) were engaged in the manufacturing or production of goods.

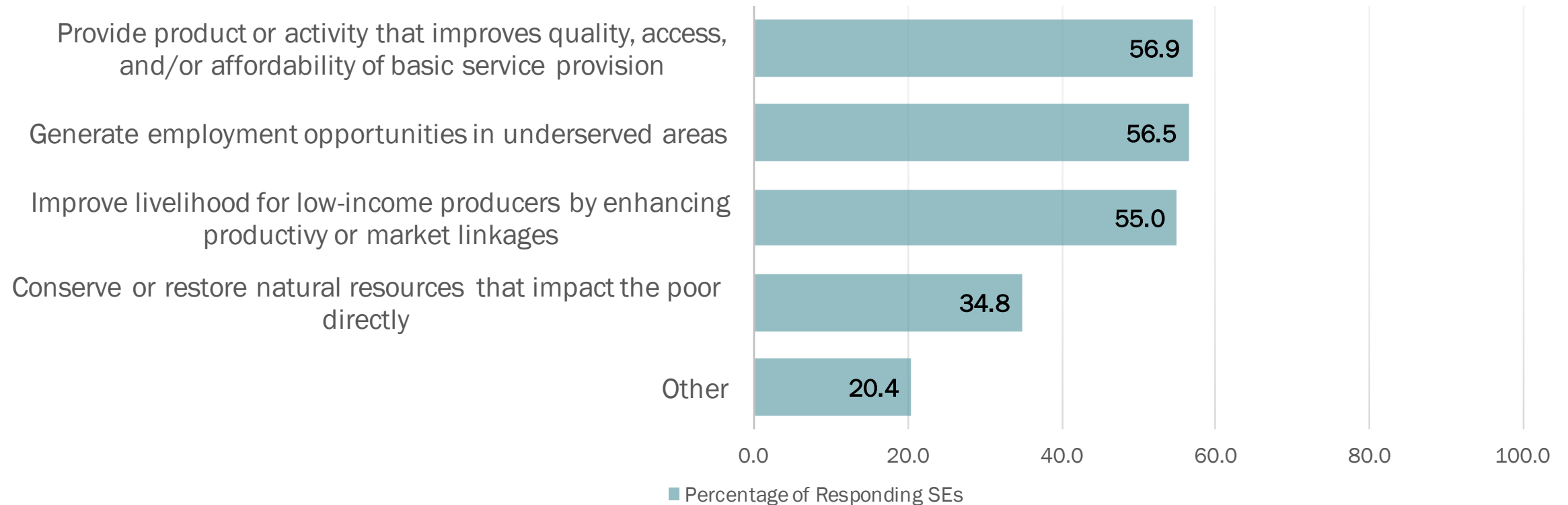
Types of Operations and Activities (n=529)



*Respondents could select multiple options

Most of the enterprises (81%) had a formal mission statement. All of the respondents aimed to improve the lives of people living in extreme poverty.

How Enterprises Plan to Create Impact for People Living in Extreme Poverty (n=529)

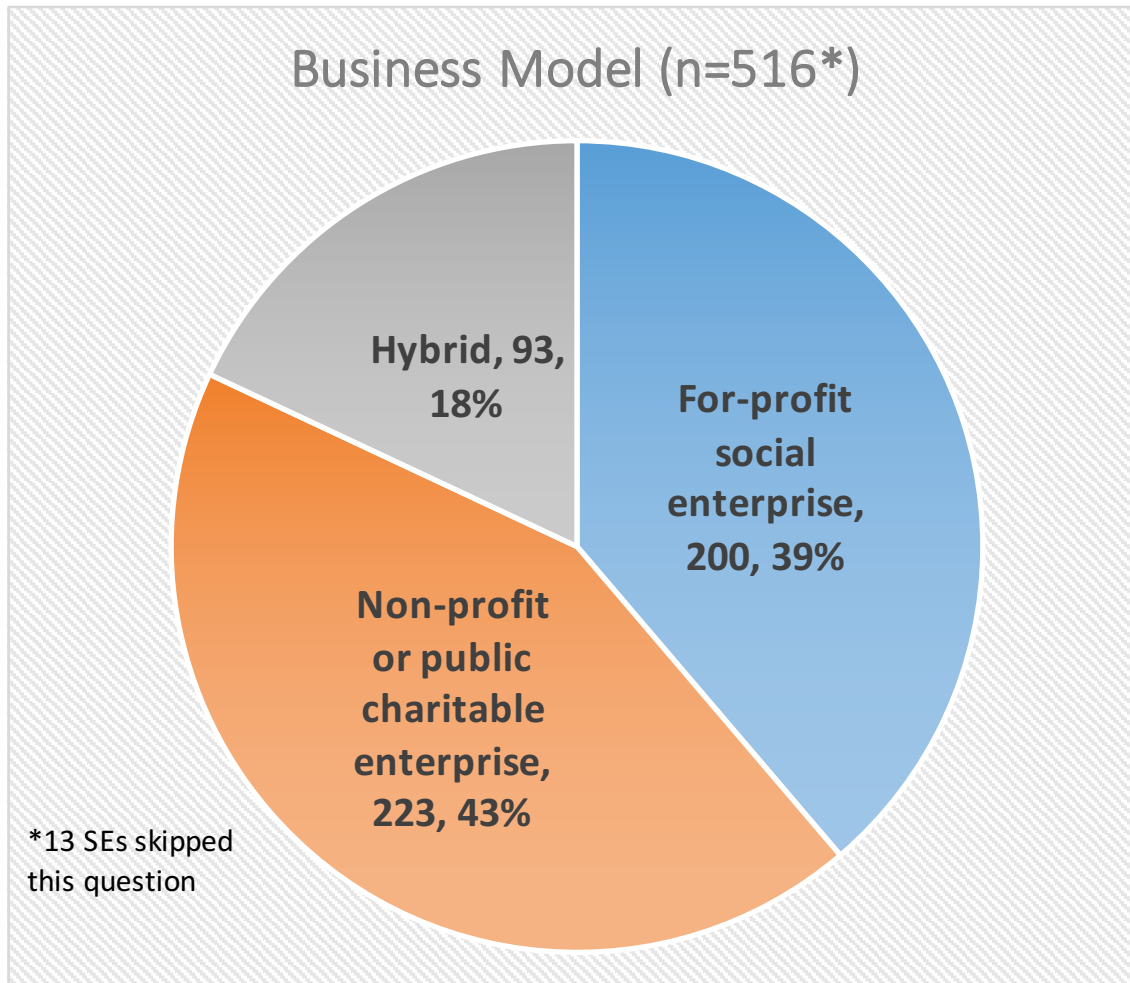


*Respondents could select multiple options

2. STRUCTURE AND LEADERSHIP

Social Enterprises in India

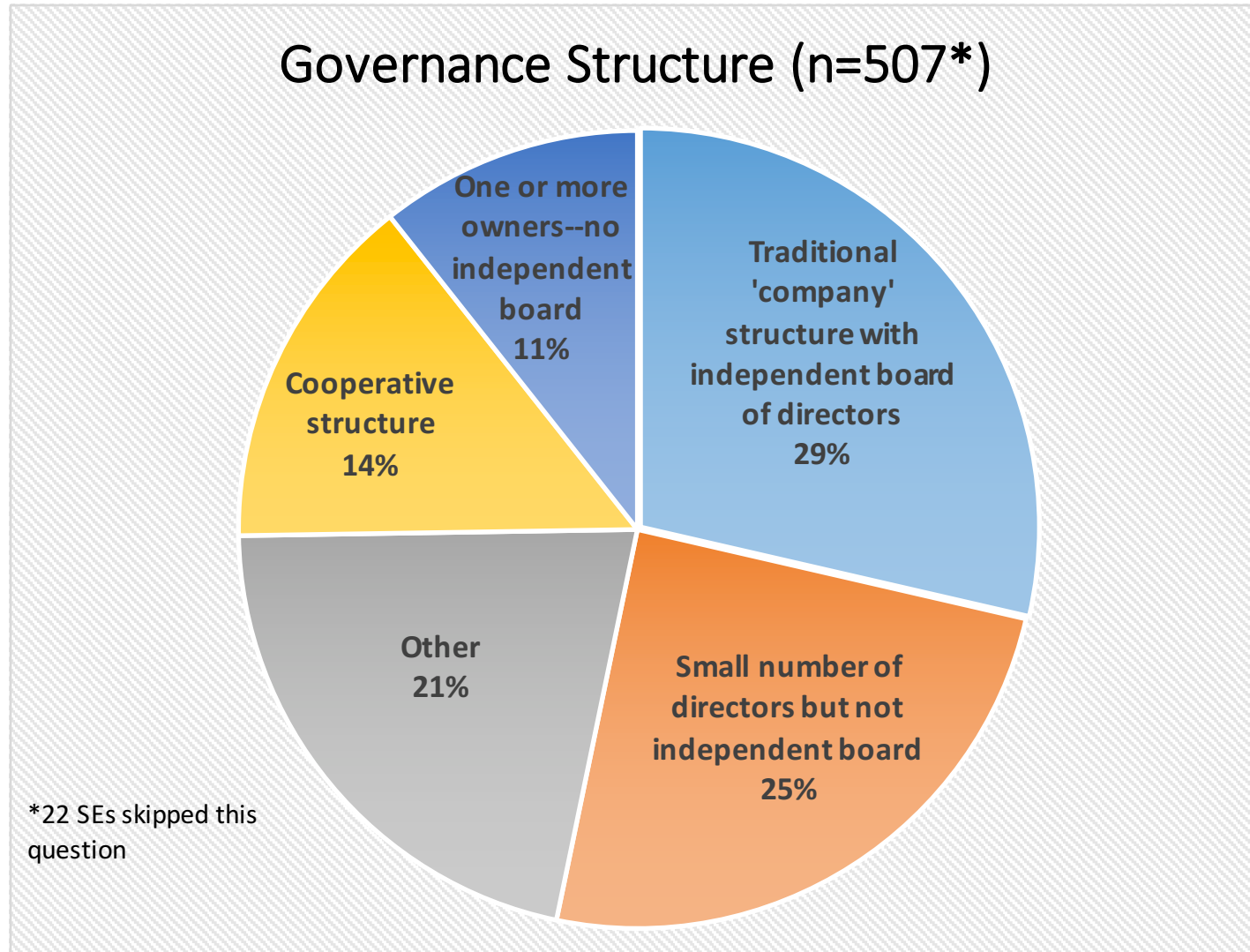
Most respondents had either a non-profit (43%) or for-profit (39%) business model. Only a few (7%) reported being a subsidiary of a parent company.



Legal Form	Number of SEs
Society	154
Private company	143
Trust	82
Sole proprietorship	30
Section 25 company	27
Partnership	14
Public company	10
Other	54

*15 SEs skipped this question

Nearly a third (29%) of the enterprises reported having an independent board of directors. For-profit enterprises were significantly more likely to have an independent board than not-for-profit or hybrid models.

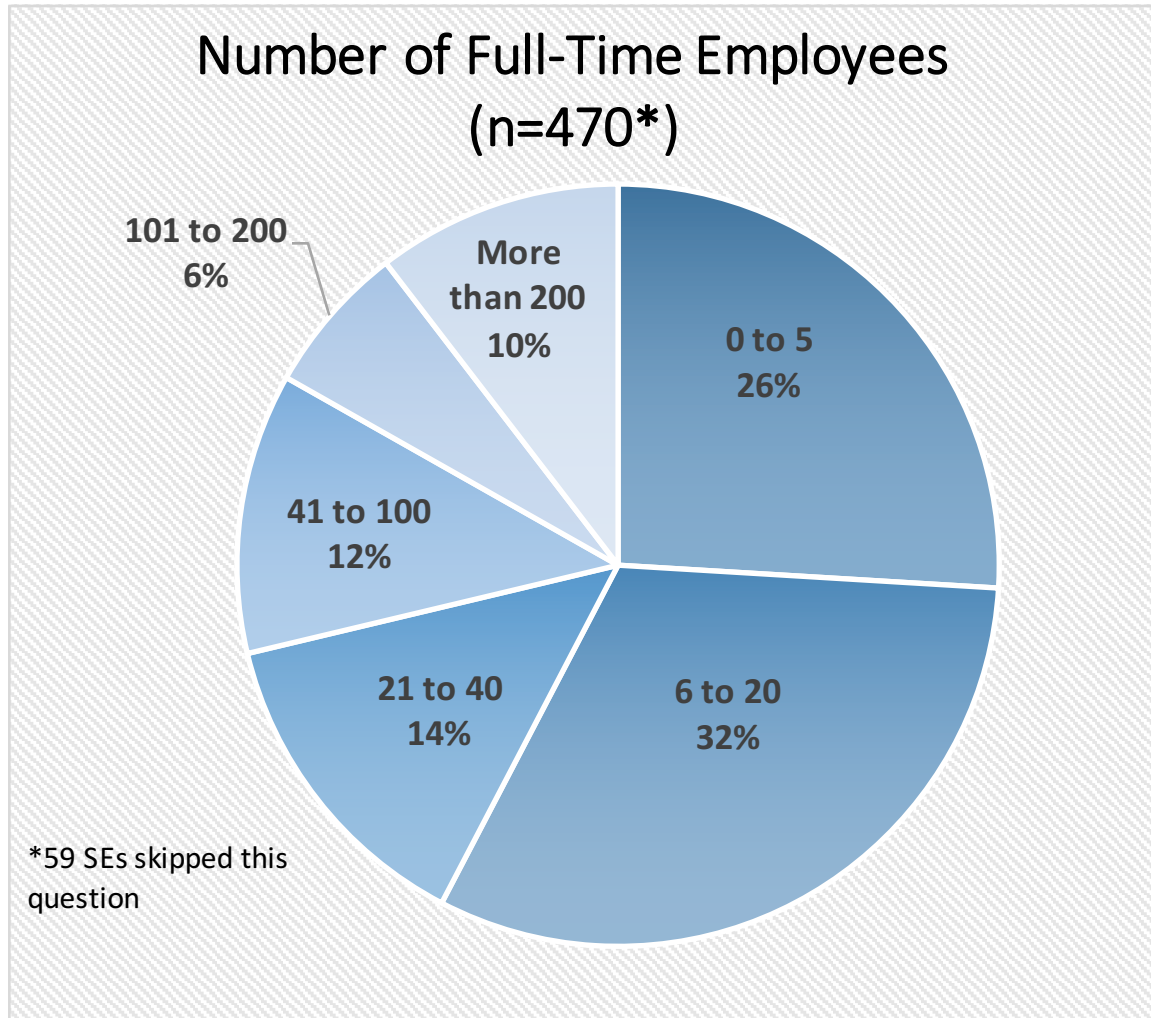


- 168 of the responding SEs (32%) were **woman-owned** (with one or more women owning at least 51% of the stock if relevant and controlling the management and daily business operations)
- 56 of the responding SEs (11%) were **youth-owned** (with 51% or more of ownership and control by individual(s) aged 15 to 29 years old)
- 115 of the responding SEs (22%) were **youth-empowered** (with 25% to 50% of ownership and control by individual(s) aged 15 to 29 years old)

3. SIZE, GROWTH, AND FINANCING

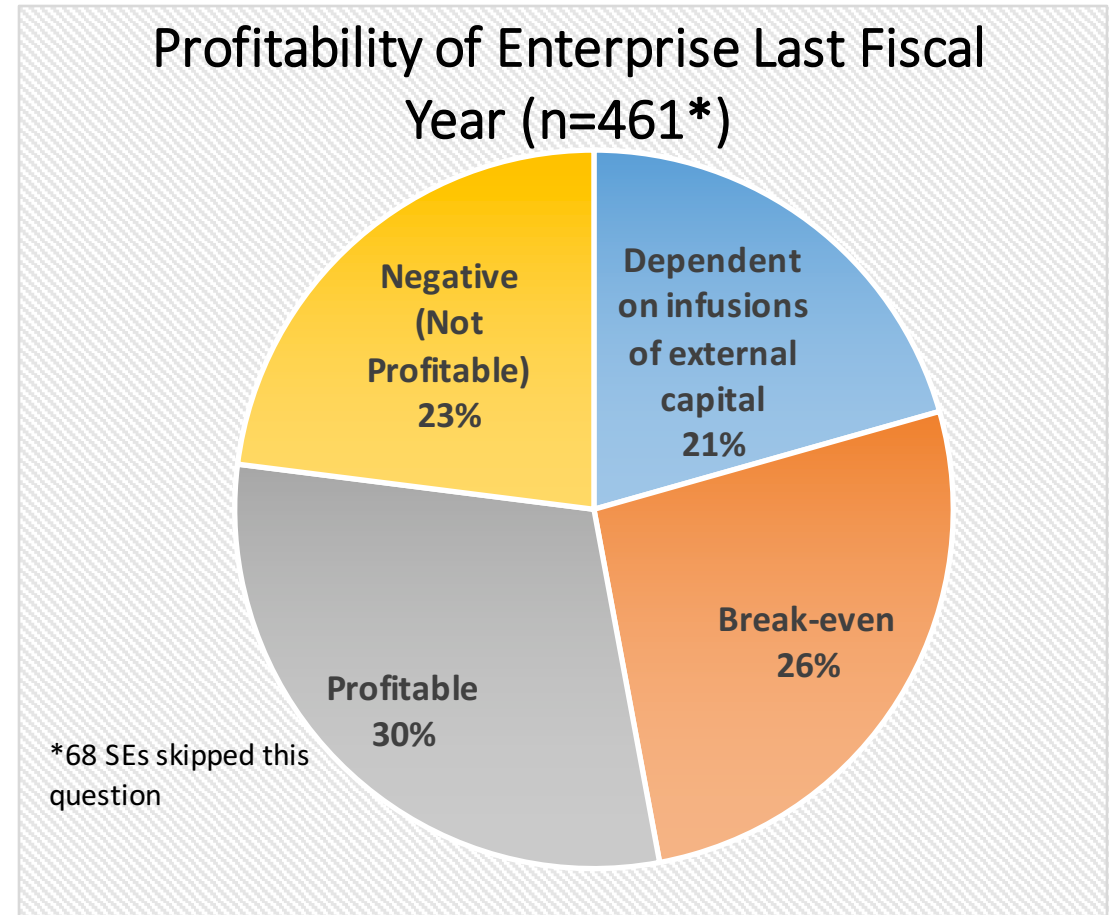
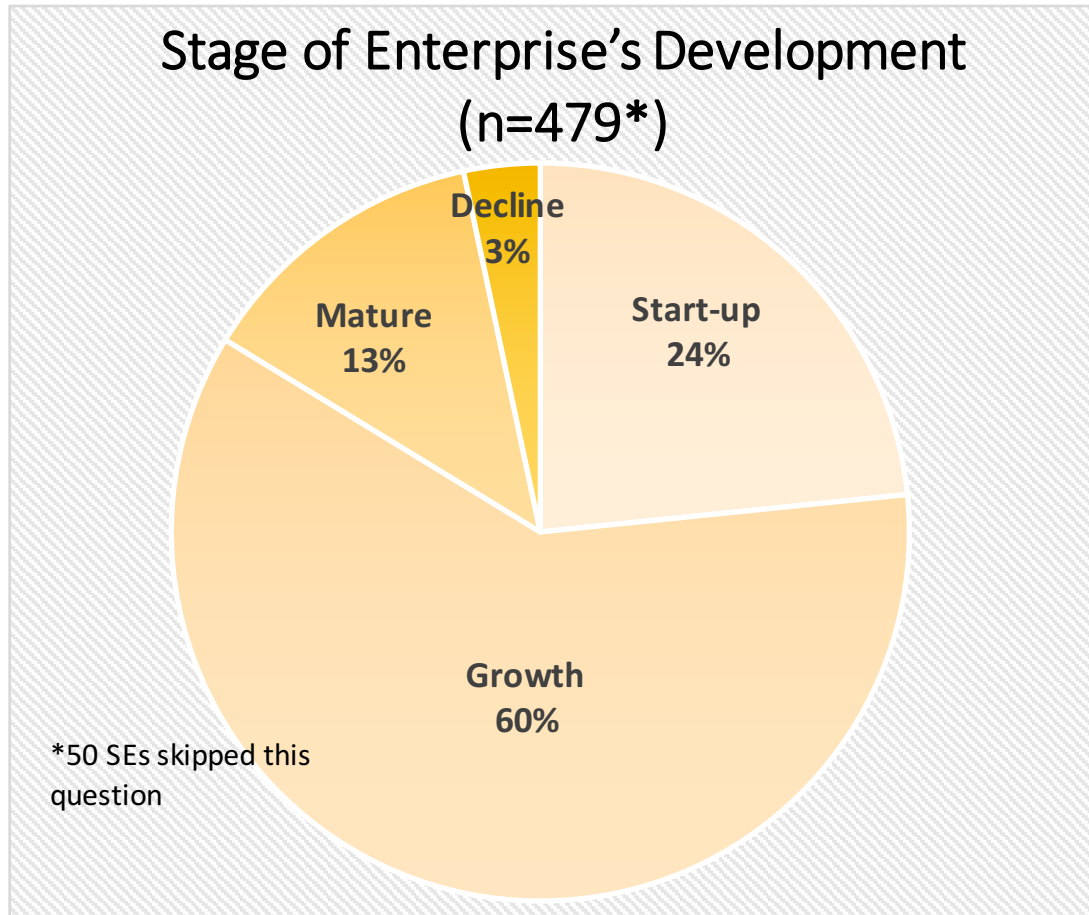
Social Enterprises in India

Nearly three-quarters of the enterprises (72%) had no more than 40 full-time employees; about a quarter (26%) had only 5 or fewer full-time employees.

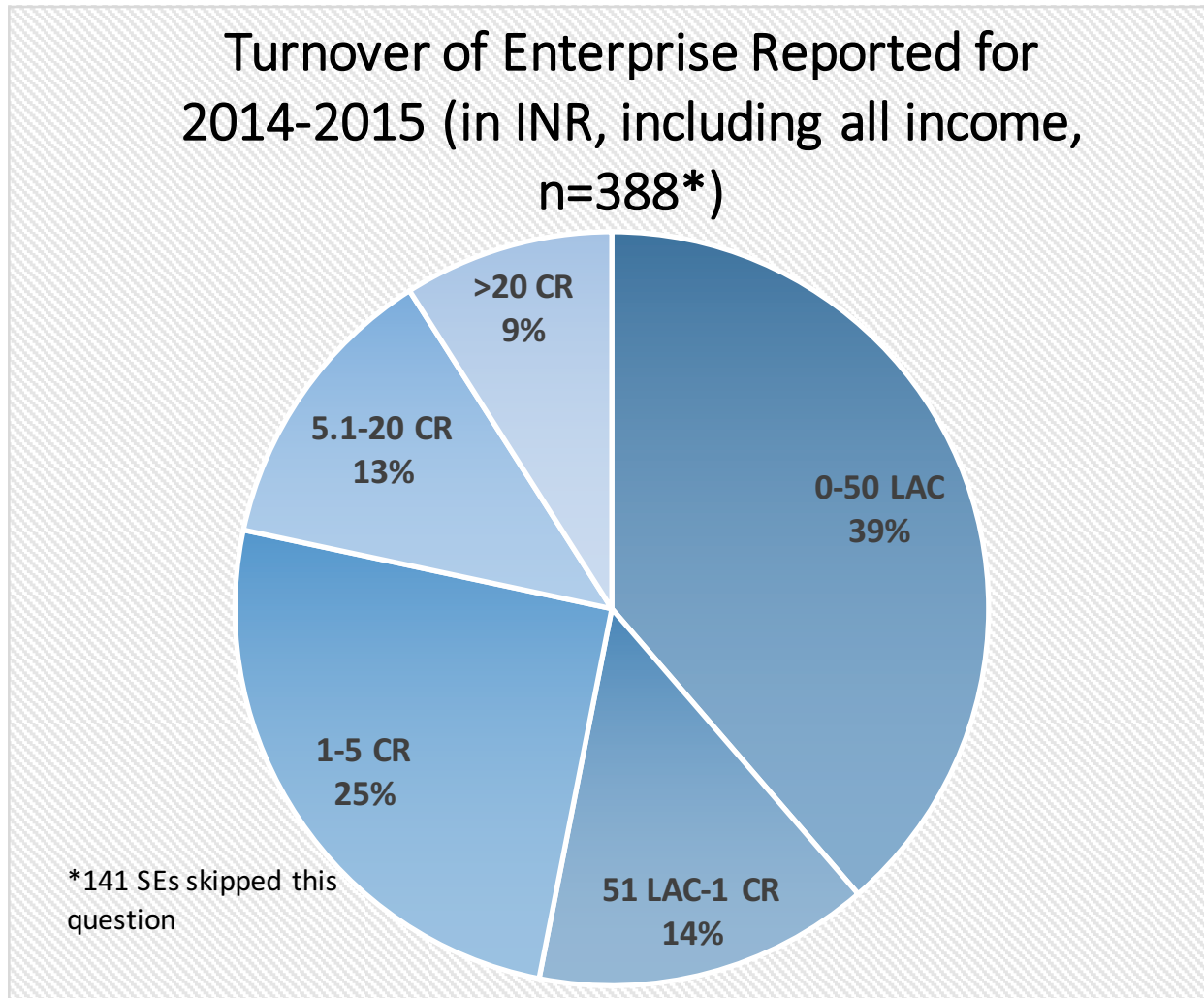


- Most respondents expected the number of full-time employees to increase next year, either substantially (57%) or a little (32%).
- One third of the responding enterprises (158) had no other offices in addition to their headquarters. 50 respondents (10%) reported having offices in more than 10 locations.
- 174 of the enterprises reporting having at least one unpaid employee.

Most responding enterprises were in the growth stage (60%) or start-up stage (24%). Less than a third (30%) reported being profitable in the last fiscal year.



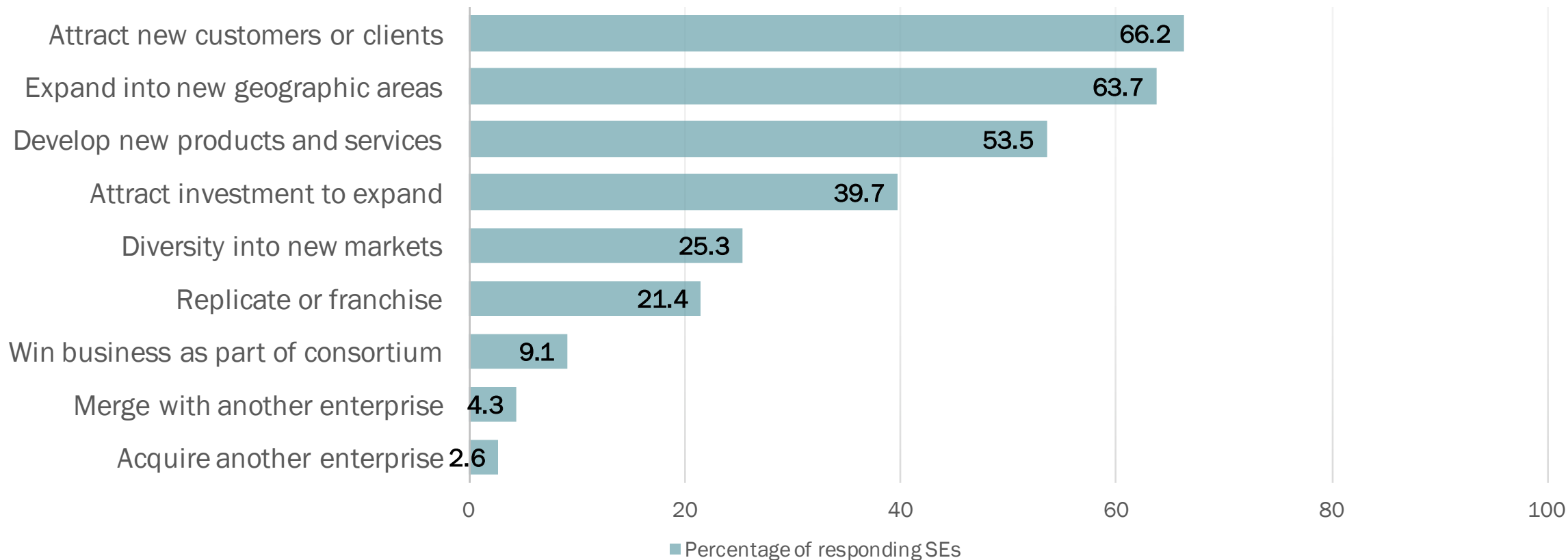
More than half of the enterprises (53%) reported annual turnover of INR1 Crore (about US\$150,000).



Most respondents (88%) expected turnover to increase next year. The remainder predicted their enterprise's turnover would stay the same (10%) or decrease (2%).

About two-thirds of respondents reported plans to attract new customers or clients (66%) and/or to expand into new geographic areas (64%).

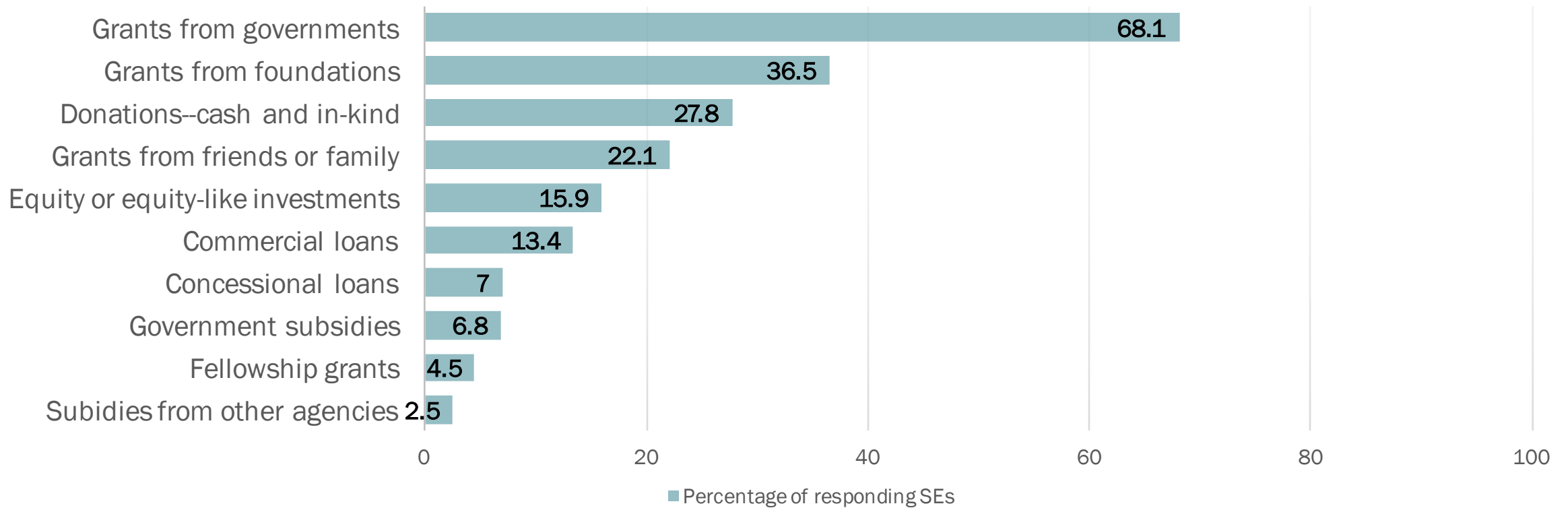
Enterprises' Plans for Growth Next Year (n=529)



*Respondents could select multiple options

More than two-thirds of the enterprises (68%) received government grants during the last fiscal year.

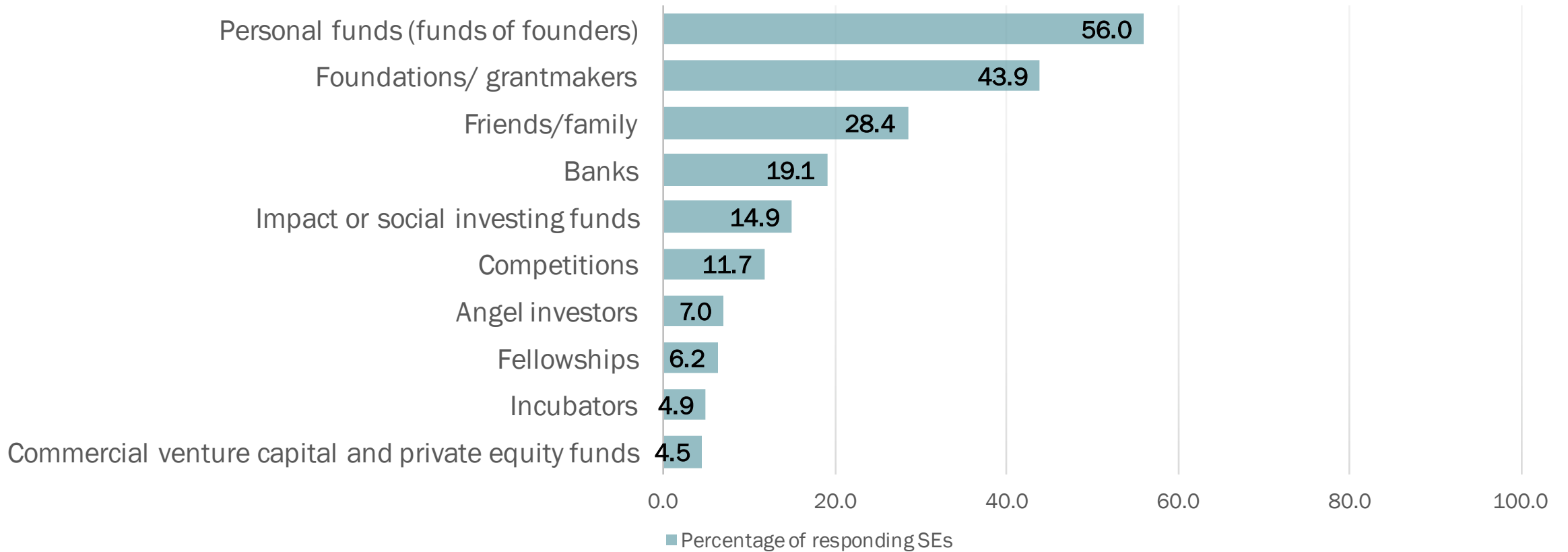
Forms of Finance and Investment Enterprise Received Last Fiscal Year (n=529)



*Respondents could select multiple options

More than half (56%) of the responding enterprises have drawn on the personal funds of their founders.

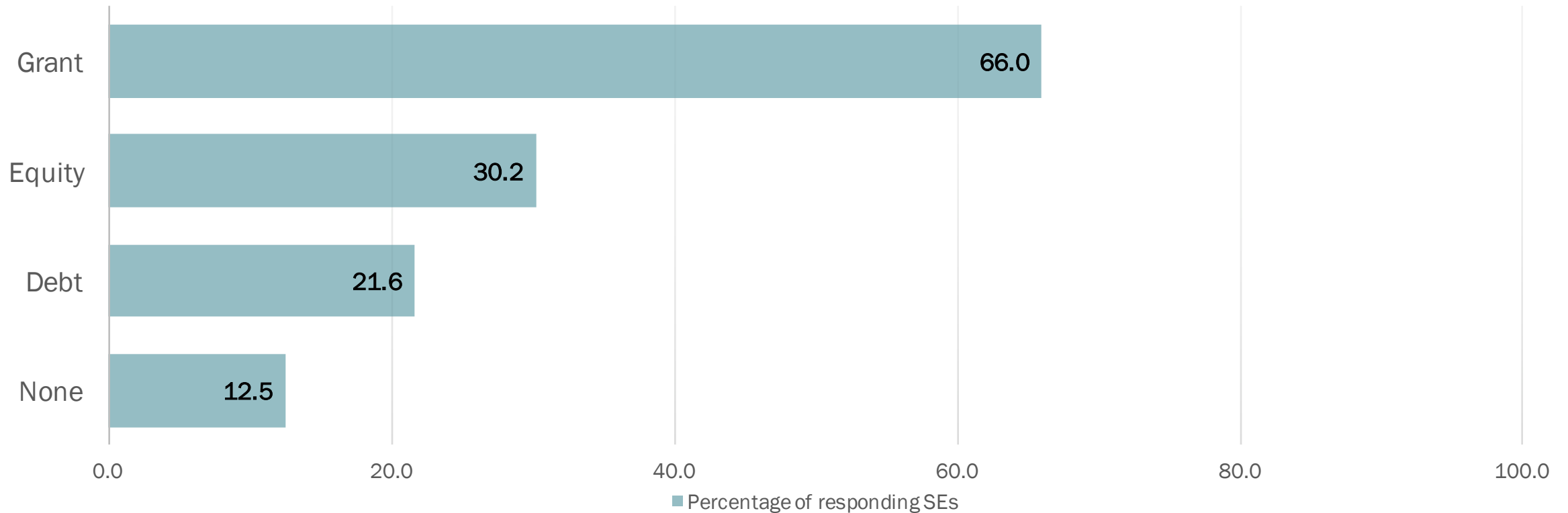
Sources of Funding Secured Since Operations Started (n=529)



*Respondents could select multiple options

Two-thirds (66%) of the responding enterprises expected to secure grant funding for the next fiscal year. Not-for-profit enterprises were significantly more likely to expect grant funding, with most (82%) selecting this option.

Forms of External Funding Enterprise Plans to Secure Next Year (n=529)



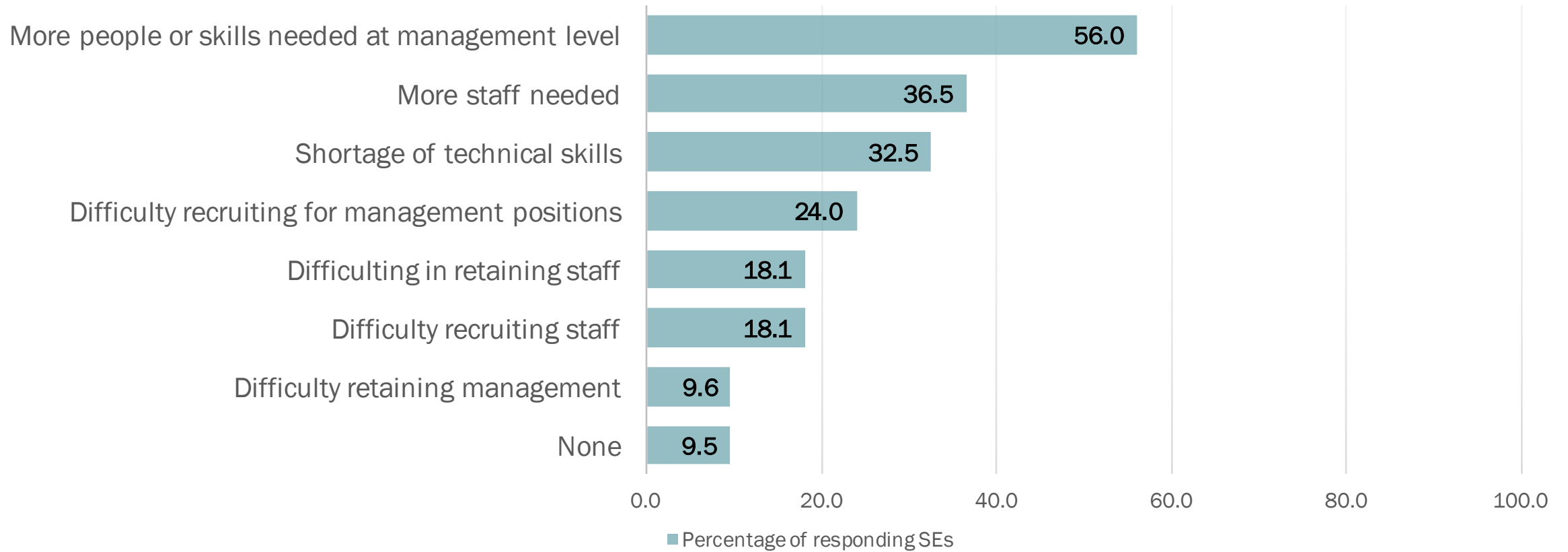
*Respondents could select multiple options

4. CHALLENGES

Social Enterprises in India

More than half of the respondents (56%) reported needing more people or skills at the management level. More than a third (37%) needed more staff in general.

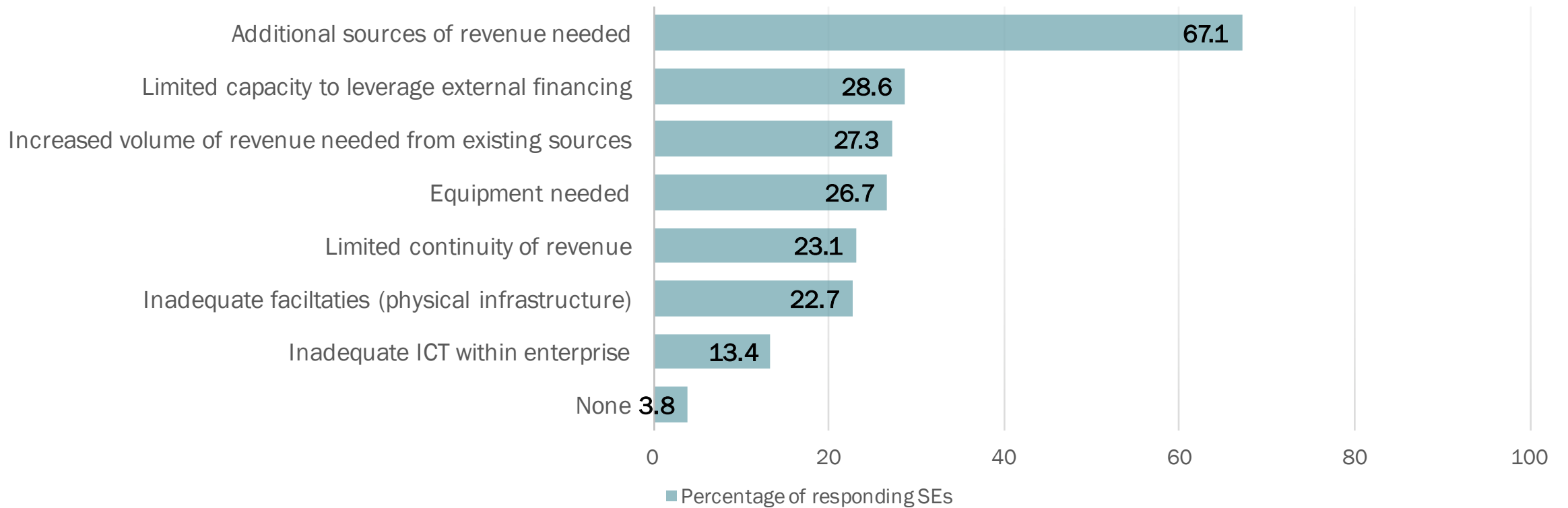
Current Challenges Related to Management and Staff (n=529)



*Respondents could select multiple options

More than two-thirds of the enterprises (67%) were challenged by the need for additional sources of revenue.

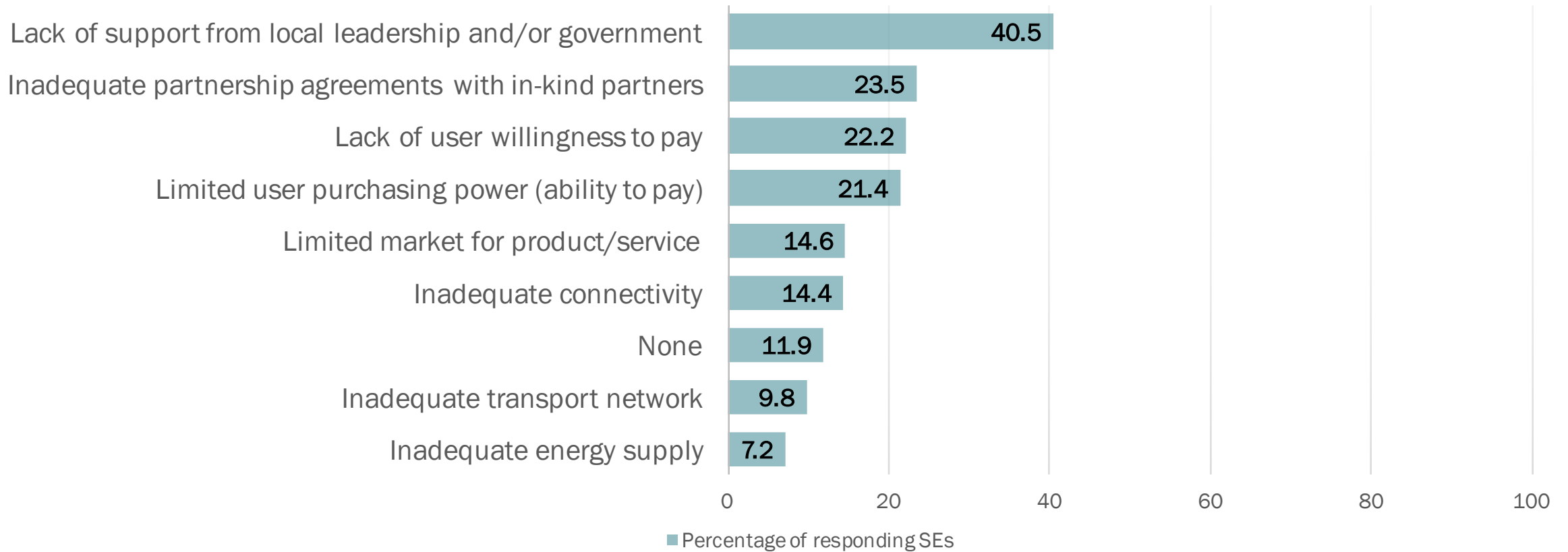
Current Challenges Related to Financing and Organizational Resources (n=529)



*Respondents could select multiple options

The most common external challenge faced by enterprises was the lack of support by local authorities, reported by fewer than half of respondents (41%).

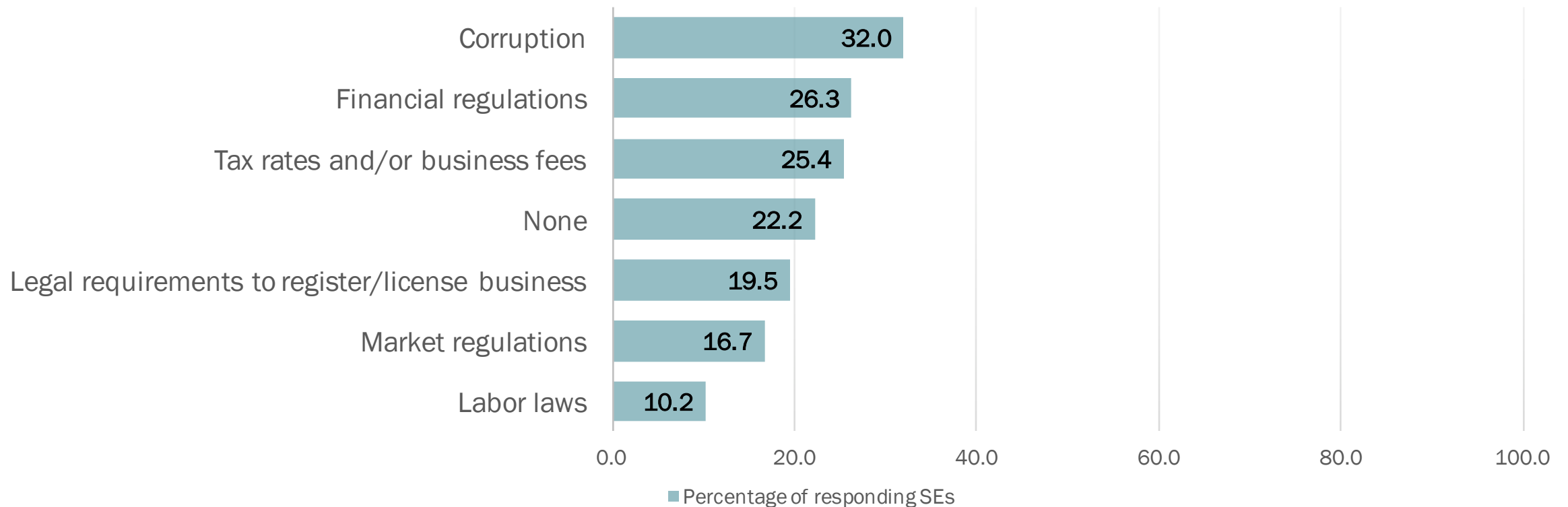
External Challenges Faced by Enterprise (n=529)



*Respondents could select multiple options

Nearly one third (32%) of the enterprises reported challenges related to corruption. Almost a quarter (22%) reported that they did not experience any challenges related to the policy and regulatory environment.

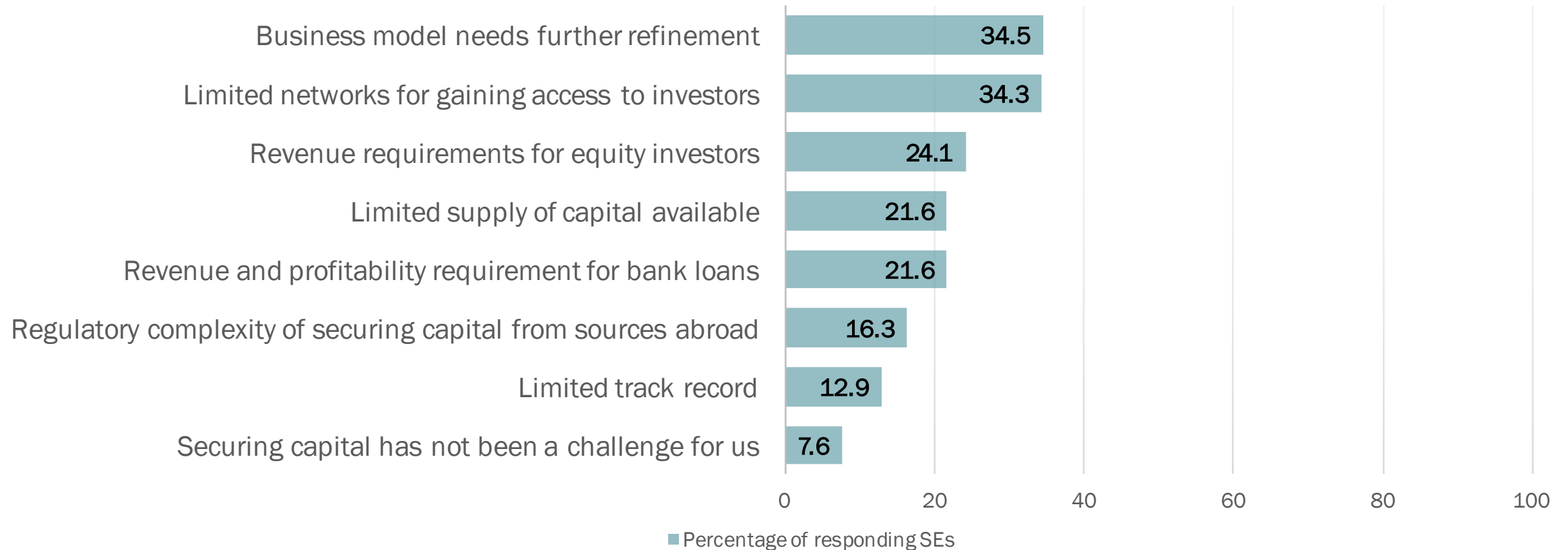
Current Challenges Related to Policy and Regulatory Environment (n=529)



*Respondents could select multiple options

The most common constraints to raising capital cited by enterprises included the need to further refine the business model and limited networks for gaining access to investors (both 34%).

Main Constraints to Raising Capital (n=529)



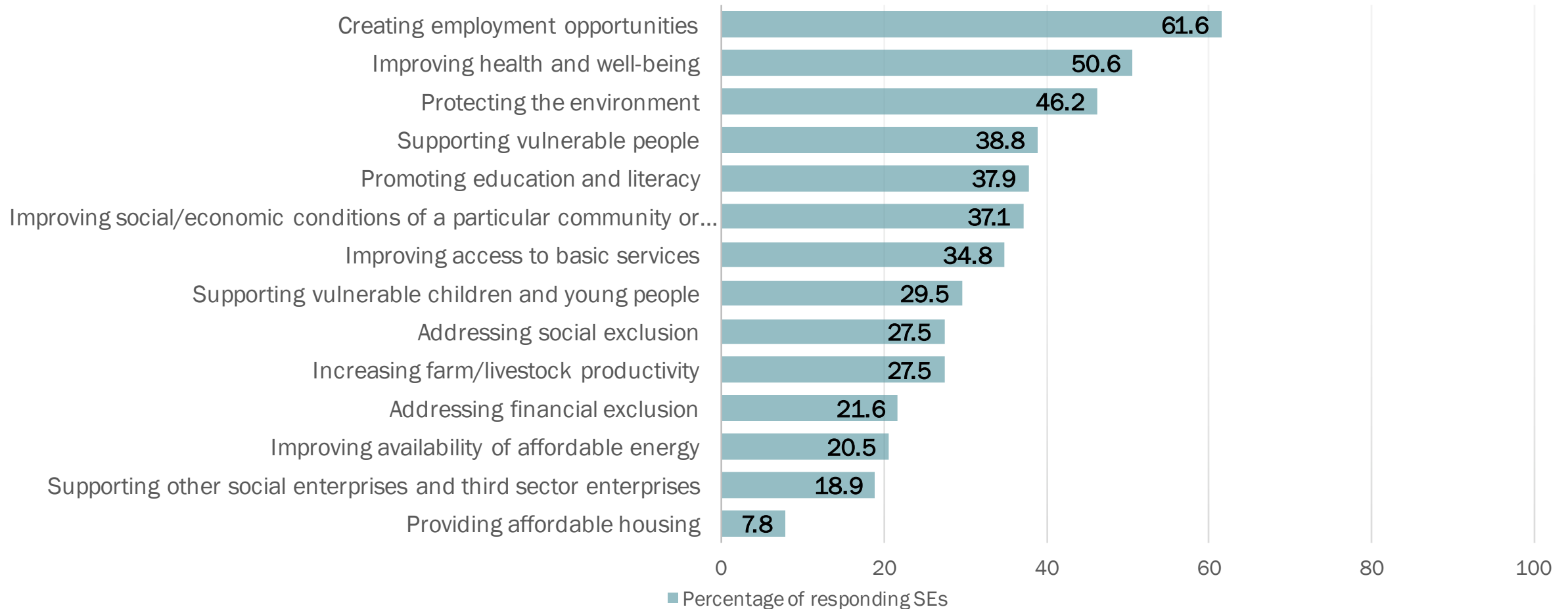
*Respondents could select multiple options

5. SOCIAL AND/OR ENVIRONMENTAL RESULTS

Social Enterprises in India

The most common objectives of the responding enterprises included creating employment opportunities (62%) and improving health and well-being (51%).

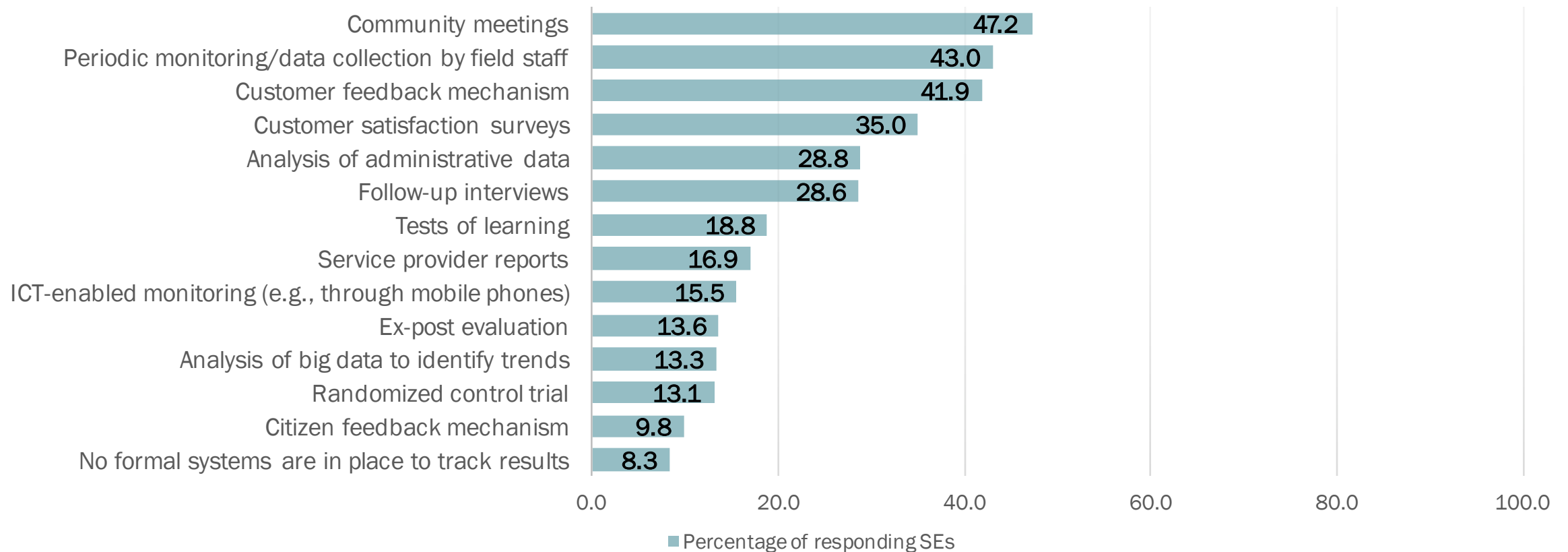
Objectives of Enterprises (n=528)



*Respondents could select multiple options

Nearly half of all respondents (47%) reporting holding community meetings to measure the quality and/or impact of their products and services. Other common methods included periodic monitoring by field staff (43%) and using a customer feedback mechanism (42%).

Methods Used to Measure Quality and/or Impact (n=528)

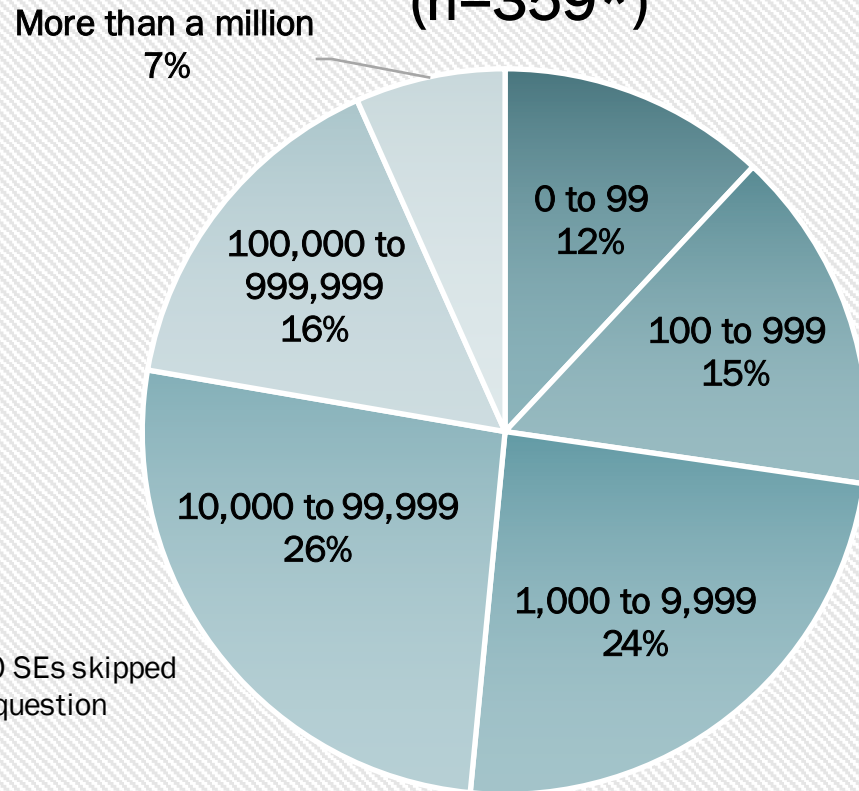


*Respondents could select multiple options

Half of the responding enterprises (49%) reported serving more than 10,000 beneficiaries or customers at the BoP annually.

Number of Customers/Beneficiaries at the BoP Served Annually

(n=359*)



*170 SEs skipped
this question

- 59% of all responding enterprises reported the number of women they served
- 53% reported the number of children and youth
- 37% reported the number of people from disadvantaged geographic areas
- 35% reported the number of disabled people
- 35% reported the number of people from disadvantaged groups
- Overall, the 359 enterprises that provided data reported serving a total of **333,397,996** customers or beneficiaries annually.

Some Questions for Additional Analysis

- What are the current trends in the formation and/or growth of social enterprises? Are there significant differences by region, sector, business model, type of market, or type of operations across the value chain?
- Are enterprises scaling and diversifying as they age? Does the number and type of customers or beneficiaries served vary based on the age of the enterprise? Does the amount of turnover vary by age?
- Which enterprises are financially sustainable (e.g., profitable or breaking even)? Does this vary by business model, sector, region, age, or size?
- How do the sources of funding secured by enterprises vary? Are there differences by stage of development, business model, or sectors in which they operate?
- Do the barriers faced by SEs vary? Are there differences by business model, age, stage of development, sector, and types of operations?
- How do the numbers and types of beneficiaries reached vary by objective (type of targeted social and/or environmental results)?