

Re-Inventing NGOs as Social Enterprises: A Manipur Perspective

E. Romen Kumar Singh*, Elangbam Nixon Singh**

Abstract

The non-profit sector or simply the NGO has grown substantially in the past few decades and has been instrumental in meeting societal needs, but its impact to the society is still limited by its inability to sustain or scale initiatives. For future growth, they have to rely on the public and private sectors for financial support. The question of financial support is always associated with problems but the degree may vary from one funding agency to another. Such problems being faced by the NGOs in the state can be taken as main reasons for adopting social enterprise model. Problems of access to funding may be considered as one of the major compelling factor to adopt social enterprise model.

The present study tried to bring out suggestions for NGOs to re-think over their necessary organisational metamorphosis in order to enable them to work independently from the funding agencies. It can minimize to large extent the shortcomings arising out of the close scrutiny and directives from the funding agencies, and hence they can prioritize their activities and work according to their own pre-set objectives.

Keyword: Social Enterprise, Not-for-profit Organisations, Self-sustainability.

Introduction

Manipur is one of the north-eastern states of India having longstanding politico-military conflict between state and non-state actors. Geographically it is a part of south-east Himalayan region located at the periphery of the country and indicating slow industrial growth. Due to geo-

political reasons the entire region including Manipur has been experiencing dilemmas from the political, social, as well as economic perspectives. In this situation, the need for not-for-profit organisations like non-governmental organisations (NGOs), civil society organisations (CSOs), community-based organisations (CBOs), voluntary associations (VAs) and human rights groups arises. Due to changing circumstances not all, but few applied knowingly or unknowingly innovative 'social entrepreneurial' practices and techniques regarding income generation for self sustainability, thereby giving emphasis to genuine needs of the people. Their participatory decision making as well as implementations are all designed for empowering and meeting people's expectations. Their developmental works/economic related activities help in bringing emotional integrity among various communities that minimize social unrest. They have the potential to raise public and political awareness about government's political actions in the state. Their activities can maintain constructive pressure on government as well as political leaders to meet their commitments. These not-for-profit organisations in the state can mobilize support among people and key constituencies, and their activities can cover wide ranging issues including social, political and economic as well.

By knowing the importance of the sector in this fast changing world, often saying that changes in reality is much faster than our established theory, non-profit organisations must be well equipped in order to meet the changing aspirations of the people. They have to accelerate their activities but in reality non-profit organisations could not meet the expectations. They have been experiencing difficulties in implementing their original ideas, that are genuine needs felt by the community in practice. These difficulties arises out of the prevailing pattern of

* Research Scholar, Department of Management, Mizoram University, Mizoram, India. Email: rksingh.romenkumar@gmail.com

** Associate professor, Department of Management, Mizoram University, Mizoram, India.
Email: singhnixon@yahoo.co.in, enix1969@gmail.com

funding from the various sources, this funding pattern “de-motivates innovation and supports imitation and replication, and also motivates scaling-up of NGOs but eventually discourage scaling-up of their impacts”. This is again a result of system error as well as arising out of the limitations of organisational model. The situation calls for a straightforward approach to redesign the system as a whole as well as organisations working in the system in which poverty, conflict, human rights violations, hunger, debt, environmental degradation and human sufferings are viewed as avoidable. In this present study an effort is made to find out a practicable approach to redesign the organisational model in order to empower all the stakeholders and dedicated to human welfare. Then, social enterprise organisational model is the one that proposes a feasible plan of action for social change. This model is the one that can regain ‘social capital which is very much needed and also foundation of all the developments’. It outlines an alternative to strive toward where human dignity through democracy in economy.

Social Enterprise- A Concept

In the context of Manipur, social enterprise (SE) can be considered primarily as not-for-profit organisations like civil society organisations (CSOs) including NGOs, because other organisational forms that can be interpreted as social enterprises in the state were negligible in terms of their impact to the society. These not-for-profit organisations have been very common and also accountable to the general public. So it's better to define social enterprise on the basis of not-for-profit organisations. Simply it can be defined as not-for-profit organisations having their own income earning activities. They have to balance mainly between their commercial activities as well as socially constructive activities. In another sense, it can be said that social enterprise organisations are the organisations which seek to manage ‘triple bottom line’. This phrase of triple bottom line here means ‘people, planet, and profit’ (Elkington, 1997). This type of organisation can give benefits to all the stakeholders or constituencies and also ensures sustainable development. This organisation earns profit, which is controlled by a volunteer board, and ploughed back into the community for the betterment of the community instead of sharing among the owners. Thus, social enterprise can be considered as any form of organisation which is both commercially viable as well as socially constructive and main emphasis is given to social innovation in order to solve the genuine needs of the

people or most pressing societal problems. They imply the commercial managerial strategies for bettering the society.

If one looks into the prevailing systems or working models he will come to know easily that in spite of huge amount of money being pumped for developmental works by the government, very less is reaching to the needy people. This is due to the favouritism among the higher officials or failure of the whole implementing system or implementing agencies or the deficient working model. Further, private sector is mainly looking for profit maximization, and they are not meant for the disadvantaged people. On the other hand, traditional NGOs (civil society organisations) depend on external funding, so all their activities have been depending on these funds, and chances of external influences to their activities always are there. That is why it is necessary to remind these drawbacks of the present organisations that have been delivering all of the societal needs. Because it's time to propose a solution in order to overcome these drawbacks.

The ultimate solution is ‘social enterprise working model’ which can be used as an alternative to deliver developmental programmes. Social enterprise organisational model is the one that proposes a feasible plan of action for social change, one that works towards a peaceful and sustainable state as well as global civilisation as a whole. But not-for-profit organisations as voluntary institutions can be hollow without the adoption of “income earning activities” in the light of social enterprise model. Here, “income earning activities” is an important area which makes social enterprise different from other traditional not-for-profit organisations. This extra layer of income earning activities can accelerate and scale up their impact to the society.

In Manipur, most of the social enterprises are in the form of NGOs (not-for-profit organisations) as already mentioned. Nowadays NGOs are in a tough situation to get financial assistance from government as well as other funding agencies. It includes time factor also, which can be considered as one important compelling reason towards organisational metamorphosis. So circumstances compelled professional NGOs to adopt social enterprise model for their successful running in accordance with the true spirit of volunteerism. Thus, simply it could be concluded that social enterprise is a new hybrid of organisation in which, the approach is running a normal business by NGOs without losing their status.

Literature Review

Steven Koon (2008) holds the view that social enterprise is to solve the social problems using business models and mechanisms. Its position is between corporation and traditional NGOs, but more inclined to the former whereas, it is widely accepted that social mission/purpose is the key factor involved in social enterprise. The concept “Social Entrepreneurship” was coined by William (Bill) Drayton, the founder and CEO of the International Association Ashoka: Innovators for the Public (in existence since 1980) (Hsu, 2005; Sen, 2007). It is well established that a not-for-profit organisation is operated for a benevolent purpose without any financial benefit for its founders or for those who support it (Dees, Emerson and Economy, 2001a; 2001b). Like their for-profit counterparts, not-for-profit organisations (NFPs) are businesses created and governed by laws that prescribed the way the enterprise can enter into legal contracts, sue and be sued (Lasprogal and Cotton, 2003). NFPs are often tax exempted and are also required to have board members and directors as prescribed in the Co-operative Societies Act.

Salamon and Anheier (1998: 216) described NFPs as commonly having five key features:

- i. Institutionalized to some extent;
- ii. Separate from government;
- iii. Pay out no return of profits to their owners or directors;
- iv. Self-governing organisations; and
- v. Have some meaningful degree of voluntary participation.

Goldenberg (2004) noted that many different terms have been used to describe the non-profit sector and its components. The sector is often referred to as the “voluntary sector” or the “charitable sector,” or the “citizen sector”, although the degree of volunteer involvement in non-profit organisations varies considerably across the sector, and many non-profit organisations do not have charitable status. Nowadays, most of the non-profit organisations working in different area of activities are also having their income earning activities to face changing needs. During the last two decades of the twentieth century, the citizen sector started following the business model and becoming entrepreneurial and competitive in structural terms. This created an enabling environment for “Weberian” individuals with innovative and achieving personalities to thrive

and expand their impact (Max Weber, Germany, end of the nineteenth and beginning of the twentieth century’s; one of the pioneers of modern sociology; he coined the term “humanistic sociology”). The avenue for social entrepreneurship became wide opens (Praszkierand Nowak; 2012: p 44). It is true in the case of Manipur; the organisations have to maintain the balance between their commercial activities with their main notion of bettering society i.e. they better have multiple fund sources for enabling uninterrupted service to the society as well as at the same time enabling higher employment generation. It can be confirmed by primary data/field survey from the NGOs or voluntary organisations in the state of Manipur.

NGOs In Contemporary Manipur

In the current socio-economic and policy context, the traditional NGOs appears impractical due to various changing circumstances, challenging them to rethink their ideas of viable forms of alternative development, and their roles in development. Today, NGO activities appeared to have relatively little impact on development unlike before.

In addition, they require rethinking the way in which they relate to other actors and the ways in which they finance themselves. Because, their institutional working model is not much of relevant in this current set up in the state. The funding agency may not give funds in time but NGOs require uninterrupted funding for their uninterrupted services to the community. Being a professional in the field it cannot expect easy money from the funding agencies all the time and in future funding agencies may even cease to fund. When funding ceases suddenly most NGOs fail to continue their activities. Many a times they are unable to get support in time because of many bureaucratic red-tapism and also funding agencies sometimes stop funding before of their specified time period for the project. It may be due to their change in priority, without giving rational reasons. But still most NGOs operating in the state are depending on external funding for most of their activities. Above this, NGOs align their social investment initiatives in those areas having government priorities, in order to get easy money from the government. By doing this, sometimes they need to sacrifice their knowledge about the genuine needs of the community for the sake of getting easy project money. There is also no common practice of collaboration between business establishment or corporate and NGOs in the state. If it happens, then

corporate may be willing to work with only few popular community-based organisations (CBOs) or local clubs rather than NGOs. So, if business organisations wanted to sponsor some event or programme they just go for only such organisations in the state.

Further, problems of these organisations are more or less related to external funding and these problems were taken as 'compelling reasons' to change themselves in order to free from shortcomings arising out of it. At present, they are in a transitional phase of adopting their own income generating activities. Some of them have already started practicing it but still far from being self-sustainable. Time has come for NGOs to shift toward becoming social enterprises (SEs) in order to adapt and meet the demands of the changing scenarios.

Objectives and Methodology of the Study

The present study has the following objectives:

- To analyse the sources of income of selected organisations;
- To study the compelling reasons for adopting social enterprise model;
- To offer suggestions for fostering the social enterprise sector.

The present study is descriptive in nature and takes into account the various literatures pertaining to NGOs as well as social enterprises. Secondary as well as primary data were collected from valley-based NGOs located in four (4) districts of Manipur viz., Imphal West, Imphal East, Thoubal, and Bishnupur districts. These data were collected mainly from the social entrepreneurs of selected NGOs through questionnaire based interview as well as their annual reports, project reports, official documents etc. The sample is based on simple random sampling method and analysed with appropriate statistical tools. Data relating to barriers to growth, social enterprise support service, self-sustainable plans etc. are used in the study.

Hypothesis

On the basis of the above discussion as well as objectives in particular, the following hypothesis shall be tested:

Ho: The organisational self-sustainability plans and barriers to growth of the organisations are independent.

Ha: The organisational self-sustainability plans and barriers to growth of the organisations are related.

Findings of the Study

Use of SE Support Service Vis-à-vis Barriers to Growth of Organisations

Table 1 shows the use of social enterprise (SE) support service in relation to barriers to growth of the organisations which can be taken as compelling reasons to make their organisations self-sustainable. Sometimes the compulsion rather than their choice leads to success. Hence, it is appropriate to examine the barriers to growth like access to funding etc. and also those factors which can be considered as 'reasons that have compelled NGOs to adopt social enterprise model'.

It can be noted here that except for eight (8), 96 not-for-profit organisations out of the total 104 were using social enterprise support service from other large scale organisations. These social enterprise support services are mainly services related to funding advice from other large international NGOs. Further, among the organisations using social enterprise support service, 43 organisations (44.8 percent) were facing access to funding as their barrier to growth. Among them, maximum (13) were from Thoubal district alone. Like-wise 12 organisations (12.5 percent) were facing barrier as lack and retention of competent staffs. Out of this, maximum (6) were from Imphal West district.

Organisations' Main Sources of Income

Table 2 shows the organisations' main sources of income in the previous year in relation to plans to make organisations self-sustainable. Most of the organisations, under the study, were found to be depending on central funding (31.7 percent), followed by state funding (20.2 percent), foreign funding and membership fees and donations (10.6 percent each). It is pertinent to mention here that only 2 (two) organisations depended on grants for their source of income.

Regarding self-sustainable plans, it can be observed that 63 organisations (60.6 percent) had self-sustainable plans

Table 1: District-wise Use of social enterprise support service vis-à-vis Barriers to Growth of Organisations

Use of SE support service	Barriers to Growth	District				Total	%
		Imphal West	Imphal East	Thoubal	Bishnupur		
Yes	Access to funding	9	10	13	11	43	44.8
	Lack and Retention of Competent Staff	6	3	2	1	12	12.5
	High Expenditure Cost	1	3	2	0	6	6.2
	Lack of Support and Management Skills	0	3	5	4	12	12.5
	Lack of Marketing Outlet and Network	0	1	2	0	3	3.1
	Lack of involvement in Partnership	0	0	1	0	1	1.0
	Others	3	7	3	6	19	19.8
	Total	19	27	28	22	96	100.0
	%	19.8	28.1	29.2	22.9	100.0	-
No	High Expenditure Cost	1	-	-	-	1	-
	Total	1	-	-	-	1	100.0
	%	100.0	-	-	-	100.0	
No response	Access to Funding	1	2	2	-	5	71.4
	Lack of involvement in Partnership	0	0	1	-	1	14.3
	Others	0	0	1	-	1	14.3
	Total	1	2	4	-	7	100.0
	%	14.3	28.6	57.1	-	100.0	-
Total		21	29	32	22	104	-
%		20.19	27.88	30.7	22.15	100	

Source: field survey

for making their organisation self-reliant. It is only 18.3 percent of the total sample which responded as not having any such plans. It is interesting to note that 13.5 percent had already started implementing such plans. Even among those who have such plans for self-sustenance, dependence on government funding, either central or state, are found to be more (34 organisations) as compared to other sources of income for running their activities.

Thus it can be concluded government funding plays an important role in the functioning of social enterprises.

Dependence on Government Funding by Organisations

An effort is made here to ascertain the views of the respondents/organizations regarding dependence on government funding for their activities. Table 3 observed

that most of the respondents agreed on the dependence of not-for-profit organisations in the state on the government funding for their activities. It can also be said that there is no significant variation/difference in the respondents' opinion across the four districts of Manipur i.e. most of them have given more or less the same responses. It can be concluded that most of the organisations operating in the state depend more on the government funding for their activities.

Testing of Hypothesis Using Chi-Square test for Independence

The following tests have been conducted for the hypothesis:

Ho: The organisational self-sustainability plans and barriers to growth of the organisations are independent.

Table 2: Organisations' main sources of income vis-à-vis Plans to make self-sustainable

Main sources of income	Any self sustainable plans?				Total	%
	Yes	No	Don't know	Implemented		
Central Funding	24	4	0	5	33	31.7
Grants	2	0	0	0	2	1.9
Foreign Funding	7	4	0	0	11	10.6
Sale of Goods and Services	2	0	0	2	4	3.8
Membership Fees and Donations	4	4	1	2	11	10.6
Charitable Trusts and Loans	6	0	1	3	10	9.6
State Funding	10	5	4	2	21	20.2
Others	8	2	2	0	12	11.5
Total	63	19	8	14	104	100.0
%	60.6	18.3	7.7	13.5	100.0	-

Source: field survey

Table 3: District-wise responses of not-for-profit organisations on dependence on government funding for their activities

Districts	Likert- scale responses					Total	%	N	Mean	ANOVA Sig.
	HA	A	N	D	HD					
Imphal West	1	15	4	1	-	21	20.2	21	2.24	0.149
Imphal East	8	12	5	4	-	29	27.9	29	2.17	
Thoubal	3	19	5	5	-	32	30.8	32	2.38	
Bishnupur	4	17	1	0	-	22	21.2	22	1.86	
Total	16	63	15	10	-	104	100	104	2.18	
%	15.4	60.6	14.4	9.6	-	100.0	-	-	-	

Source: field survey

*HA-highly- agreed, A-agreed, N-neutral, D-disagreed, HD-highly-disagreed.

Ha: The organisational self-sustainability plans and barriers to growth of the organisations are related.

Chi-Square Tests	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.379 ^a	18	.05
Likelihood Ratio	27.777	18	.066
Linear-by-Linear Association	3.490	1	.062
N of Valid Cases	104		

Source: Field Survey

Since P value is .05; it can be said that there is statistically significant association between the two variables i.e. organisational self-sustainability plans and barriers to growth of the organisations. So, null hypothesis is rejected thereby concluding that the plans to make organisations

self-sustainable and barrier to growth of the organisation are related.

	Value	Approx. Sig.
Nominal by Nominal Phi	.522	.05
Cramer's V	.302	.05
N of Valid Cases	104	

Relationship exist p value .05.

Phi and Cramer's V tests show that the strength of association between these two variables i.e. plans to make self-sustainable and barrier to growth of the organisation is good enough. Thus the assumption that barriers or problems face by the organisations in the state may be the compelling reasons to adopt social enterprise model is true.

Conclusion and Suggestions

From the above analysis, it can be concluded that voluntary spirit is very high among the people in the state. It can be confirmed with the number of active not-for-profit organisations operating in the state. The number is above the national average of one NGO for less than 400 Indians (Shukla, 2010). India has possibly the largest number of active non-government, not-for-profit organisations in the world. A recent study commissioned by the government put the number of such entities, accounted for till 2009, at 3.3 million. If it comes to the state of Manipur then up to 2011, there were one NGO for less than every 140 individuals (as per the details from census 2011 as well as according to the Registrar of cooperative societies, government of Manipur). Above these, there are hundreds of unregistered social organisations which function in the area of socio-economic development in the state. So the state can be positioned in the upper portion among the 'intense not-for-profit organisations active states' of the national non-profit continuum. In terms of number it is quite satisfactory but again number only is not sufficient enough. Their impact assessment must be done in order to increase their impact to the society (Singh and Singh, 2013).

Henceforth, the present study comes up with the following suggestions for scaling up of NGOs impact to the society at large:

- i. 4Ps (product, price, place and promotion) of marketing techniques can be used in these social sector organisations. If it is used by social enterprise organisations in the state then it may improve the organisation's effectiveness, resource utilization capability, public relations and as a result overall image and achievement of the organisation.
- ii. The present scenario in the state is characterized by tension and conflict; social organisations like social enterprise have enormous potential to play a significant complementary role to private bodies as well as governments, but their success depends on beneficiaries' co-operation. It can be harnessed by their proximity to the targeted communities, accessibility and transparency etc.
- iii. The effective performance of not-for-profit organisation depends on its financial viability. Therefore it is the need of the hour for every social organisation to adopt social enterprise model. At the same time they have to maintain balance between commercial viability and socially constructive goals at a manageable level.
- iv. They can form network with local institutions like village panchayats. By doing this they can serve a wider market in order to get through programmes like capacity building etc.
- v. There must be a separate department of state government instead of planning department to monitor all the activities related with non-governmental or social organisations. NGOs often feel the need to have a separate legal status for them. Unfortunately till now, all other local bodies are also registered under the same statutory act of those of NGOs.
- vi. There must be social enterprise study centre at the university or college level. It can help in removing many difficulties faced by social organisations which are mainly in terms of supplying well-trained managers in that particular field. Governments, corporates as well as NGOs are also lacking trained and competent staffs who can implement social enterprise programs effectively at the grass-roots level. By recruiting and retaining competent staffs, they can have multiple funding sources like introducing innovative funding mechanisms in order to attract funds from donors as well as generate own funds. After all they can add value to the governmental efforts.
- vii. Social organisations like social enterprises many a times used to deal with very sensitive issues of the society or community. So they have to be aware about the socio-cultural milieu. Their actions must be in accordance with that particular set up, not by imitation.
- viii. In commercial business world performance can be easily measured by profit in terms of monetary value. Like-wise there must be some standard performance measuring parameters for social organisations. Otherwise it is sometimes very difficult to convince the stakeholders whether they created value or not particularly at the times when organisations were under criticism. Because most of the times their benefits are intangible as well as taking very long time to be matured. So it can be suggested that there is a need for further in-depth research to find out some acceptable standards to measure their performance. Further, it is suggested to measure

achievements of selected few prominent NGOs in the state for setting standards performance for all.

In addition to the above suggestions, it can be said that even a small organisation in terms of number of personnel employed can give much more impact to the society rather than other large scale organisations. The important thing here is 'level of mobilisation' rather than 'organisational size'. That's why social entrepreneurs should spend some time with the community members to understand local issues and provide support to create a sense of 'owning'. It is important for them to acknowledge that community members are capable of making their lives better, given the necessary support and tools. So, without having proper knowledge of local community involved the programmes being undertaken will not be fruitful. Thus, it is suggested that not-for-profit organisation have to create the sense of ownership among the targeted community towards their programmes or schemes. Bearing all this in mind, it is the not-for-profit organisations having the community knowledge as social enterprises can be a real robust force for bringing socio-economic development of the community in the state.

References

- Dees, J. G., Emerson, J., & Economy, P. (2001a). *Strategic Tools for Social Entrepreneurs*. John Wiley & Sons Co., Australia.
- Dees, J. G., Emerson, J., & Economy, P. (2001b). *Enterprising Non-Profits: A Tool Kit for Social Entrepreneurs*. John Wiley & Sons Co., Australia.
- Elkington, J. (1997). *Cannibals With Forks: The Triple Bottom Line of 21st Century Businesses*. Capstone: Oxford.
- Goldenberg, M. (2004). *Social Innovation in Canada: How the non-profit sector serves Canadians and how it can serve them better*. Ottawa: Canadian Policy Research Networks.
- Hsu, C. (2005). *Entrepreneur for social change*, US News & World report. Retrieved from <http://www.usnews.com/usnews/news/articles/051031/31drayton.htm>.
- Koon, S. (2008). British council's skills for social entrepreneurs project. *Founder of Avante change website*, in 'The general report of social enterprise in China'.
- Lasprogal, G. A., & Cotton, M. N. (2003). Contemplating Enterprise: The Business and Legal Challenges of Social Entrepreneurship. *American Business Law Journal*, 41, (67-113).
- Praszkier, Ryszard and Nowak, Andrzej. (2012). *Social Entrepreneurship- Theory and Practice* (44 & 14, 15-xv). New York: Cambridge University press.
- Salamon, L. M. (Ed.). (1998). *Beyond Privatization: the Tools of Government Action*. Washington, DC: Urban Institute.
- Sen, P. (2007). Ashoka's big idea: Transforming the world through social entrepreneurship. *Futures*, 39(5), 534-553.
- Shukla, A. (2010). First official estimate: an NGO for every 400 people in India. *The Indian Express*, 1. New Delhi.
- Singh, N., & Singh, R. K. (2013). Scaling up NGO Impacts for economic development: A Manipur perspective. *International Journal of Marketing, Financial Services & Management Research*, 2(8). Retrieved from www.indianresearchjournals.com