

TALENT INFUSION IN SOCIAL ENTERPRISE

**A study by Sattva Media and Consulting
Pvt. Ltd. and Niiti Consulting Pvt. Ltd.**

**Ms. Meena Vaidyanathan, Dr. Sudeshna Chatterjee,
Mr. Srikrishna Sridhar Murthy and
Ms. Tripti Naswa**

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ABSTRACT

Social enterprises are a growing trend in India; and to scale them efficiently human and financial capital are crucial. Talent in Social space is often driven by motivation to make a change and in Social Enterprise sector functional expertise with right balance of motivation/ passion is a key ingredient for success, attracting and finding talent provide both a significant opportunity and challenge in this growing sector.

The paper documents different patterns of talent recruitment and management across the social enterprise sector in India. It also seeks to understand the challenges involved in this space. The study involved 71 social enterprises and 59 individuals, studying the issue from both supply and demand sides. A combination of both primary and secondary data was used and is supplemented by case studies of Social Enterprises led by entrepreneurs and talent working in the SE space.

The **study** covers areas such as talent pool (commercial vs. social sector), what attracts talent in SE, concerns about monetary rewards, expectations about role, factors that affect talent retention, channels for hiring and the importance of human resource (HR) processes, reasons for attrition etc.

The results show that mainstream talent is becoming increasingly interested in this space. While talent moving into this space does look beyond monetary benefits, the ability to match salary demands has been identified as the most critical challenge to hire individuals in mid-senior levels. An aspiration to contribute to society, to work in a flexible work environment, and to learn and grow their skill-sets have emerged as some of the key expectations of candidates from this sector.

1. INTRODUCTION

India is home to over 3.3 million non-profit organizations (NPOs) and has one of the most active civil societies in the world. India is also a leader in another new trend - the emergence of a for-profit 'social enterprise ecosystem'¹. For-profit social enterprises (SE) focus on solving key social and environmental issues through an economics-driven scalable business model.

According to Intellectap, as of April 2012, there were approximately 500 such social enterprises across India working on various issues². Many factors – such as evolving NPOs, financial empowerment, increasing importance of innovation and entrepreneurship in generating economic prosperity, growth in entrepreneurial ecosystems across the country, and willingness to challenge and break down old sector boundaries in search of new solutions to social problems - have fueled this trend. Today, people and organizations are more willing to blend social and economic value. While for-profit companies do so to create impact through business models, non-profits are working towards greater efficiency and sustainability in creating a new environment for change.

Globally the social enterprise sector is emerging alongside the social responsibility initiatives of corporations. The boundaries between civil society organizations, regular businesses and social enterprises are getting blurred³. Many social enterprises are over a decade old. They operate in proven models of social impact that can scale in an effective manner. Yet, this sector and its ecosystem are fragile and underdeveloped at present. Social entrepreneurs face many challenges. Some of them are internal, such as operating in relatively difficult areas. External challenges involve operating in a nascent ecosystem and the absence of a conducive socio-political environment.

A study by the Center for the Advancement of Social Entrepreneurship classifies the ecosystem into two - institutional resources and environmental factors. Both affect the ability of social entrepreneurs to achieve social impact. Key resources to the success of an organization include financial, human, intellectual and social capital. To scale efficiently, social enterprises need, among others, financial and human capital. The presence of a talent pipeline, recruiting, retaining and developing human capital is a huge challenge and is a barrier to success for many social enterprises.⁴

Borzaga and Solari (2001) assert that challenges faced by SEs can be distinguished into endogenous and exogenous. While legitimizing existence is an exogenous challenge, maintaining competitive advantage is the endogenous challenge that SEs face. Most social enterprises have to face these constraints simultaneously. *Taylor and Collins (2000)* contend that recruitment is critical not only to sustain competitive advantage but also for basic organizational survival. Under such circumstances, an increasing demand for highly talented and skilled

¹ The 'social enterprise ecosystem' refers to stakeholders such as social enterprises, incubators, service providers, talent, donors and investors that enable and support social enterprise growth.

² On the Path to Sustainability and Scale: A Study of India's Social Enterprise Landscape (Hyderabad: Intellectap (Hyderabad), Intellectap, 2012), 17, lists a total 461 social enterprises in India.

³ 'The boundaries between the sectors are getting increasingly blurry' - Laura Moon, Director of Harvard Business School's Social Enterprise Initiative, (2011)

⁴ Developing the field of Social Entrepreneurship, A report from the Center for the Advancement of Social Entrepreneurship (CASE), (June 2008), 19

employees coupled with their limited supply makes acquisition and retention of talented employees a major priority for organizations, especially for social enterprises (Flegley, 2006). According to an Intellectap (2012) study the top three human resource challenges are recruiting qualified staff, clearly defining roles and responsibilities, and distributing decision-making authority beyond the founding team, respectively.⁵

The ability to find and maintain talent is one of the biggest challenges in India (Marinelli, Caitlin, 2013). Like any young business, a social enterprise is often challenged on remuneration. Some people are willing to forego a higher salary in lieu of the company's mission and values, but this is not common. As enterprises grow, focusing on building strong teams at all levels and retaining quality employees becomes crucial to the organization's success. The nature of work in social enterprises requires creativity and a constant need for resourcefulness. This, coupled with limited short-term rewards, could lead to high levels of burnout if not addressed adequately.⁶

Much like the start-ups in other emerging sectors, an ideal social enterprise should possess the 'intrapreneurial' spirit - the ability to work with little or limited information and resources, thrive in ambiguity and not only make do, but also deliver.⁷ Unlike traditional private enterprises that are profit-driven, social enterprises are mission-driven and are often established in reaction to a social, environmental or economic problem.⁸ This in turn, presents a different set of challenges in human resource management, namely the need for employees to believe in and be aligned with the enterprise's social mission. Switching careers to the social enterprise sector is growing, a trend that could be related to the aspirations of youth who want to be socially relevant in addition to being economically well-off.

Interestingly, great potential sources of talent for social enterprises are professionals from corporate jobs who change lanes in order to create social impact. They change careers not only to create social impact but also to develop skills such as active listening, communication, problem-solving, and relationship management, most of which take years to acquire. Organizations such as The Social Business Trust, The Gates Foundation, Endeavor, Technoserve, and Absolute Return for Kids source talent and skills primarily from for-profit commercial entities. A challenge that social enterprises fail to recognize is that private sector recruits often come to them to build new skills, and not just to provide their current skills. Social enterprises need to offer more than a "lane changing" opportunity; they must enable these professionals through training and mentoring in building organizational capabilities and be committed to their own efforts to achieve scale.⁹ Social entrepreneurs are often reluctant to give up control and create strong leadership teams. Unless they make the important transition to let go and create a platform for motivated talent to perform and take charge, the organizations that these entrepreneurs have worked hard to create are unlikely to scale up or have the desired impact.¹⁰

⁵ Understanding Human Resources Challenges in the Indian Social Enterprise Sector (Hyderabad: Intellectap (Hyderabad), Intellectap, 2012), 15.

⁶ The Four Challenges of Running a Social Enterprise in India: Caitlin Marinelli, Uniphore (2013)

⁷ Understanding Human Resources Challenges in the Indian Social Enterprise Sector (Hyderabad: Intellectap (Hyderabad), Intellectap, 2012), 18.

⁸ Social Enterprise in the 3rd Sector (London: Social Enterprise London, 2012), 29.

⁹ How to woo talent from the for-profit world, HBR (2013)

¹⁰ UFreeing the Social Entrepreneur, Below, Chantal Laurie & Tripp, Kimberly Dasher, Fall 2010

As a result, there is a heightened expectation for meaningful roles and a long term career in the social sector that is both satisfying and rewarding. To do well, a social enterprise will have to develop an effective human resource strategy that includes hiring, training and retaining ‘intrapreneurial’ talent. It has to align talent with its social mission while taking advantage of the growing mainstream interest in this sector. Organizations should also define and invest in offering the right “value proposition” to their employees – social, economic and personal rewards are important to note and deliver.

2. METHODOLOGY

The aim of this paper is two-fold. First, to document different patterns of talent recruitment, retention, and management across the social enterprise sector in India. Second, to understand the challenges involved and then study examples of how a few enterprises have overcome these challenges. To achieve this, we have attempted to study the trends and examples from an organizational and an individual’s perspective and then, combined the analysis to ensure that the learning is from both supply and demand sides.

Research Methodology

We have used both primary and secondary sources of data extensively in this study. The primary source of data includes the organizations and the individuals who have participated in two kinds of surveys: workshops and direct interviews respectively.

Secondary sources consist of reliable papers and reports that are available in the public domain (see Bibliography for literature reference). We administered the surveys to a database of social enterprises that was compiled based on the websites of organizations and other information that are available on the public domain.

Surveying Organizations:

The surveys were designed to gather information on strategies that organizations adopt to identify, recruit, manage, and retain talent. This included full-time employees as well as other resources such as interns, fellows, part-time, and temporary staff.

Surveying Individuals:

Candidates come from various backgrounds, with different aspirations and mind-sets. They have different expectations from the organizations and the sector at large. The individual survey was designed to capture information that helps understand the motivation, expectations, and nature of engagement of individuals across the social enterprise sector; and map the transition of talent within it.

Primary respondents to the survey are from the for-profit social enterprise eco-system in India. The eco-system comprises of social business enterprises, support organizations including sector enablers, consultancies, advisory

institutions, and impact investors, and finally, individuals actively involved or working with a social enterprise. A comprehensive database of social enterprises and individuals was compiled from independent databases managed by Villgro Research, Niiti Consulting Pvt. Ltd. and Sattva Media and Consulting Pvt Ltd. The enterprise types that made it to the list include:

- For-profit social enterprises (enterprises with a legal “business” status addressing social and environmental issues through a revenue driven business model) across different sectors: Agriculture, Artisanal, Infrastructure/ Facilities development, Education, Skill development, Energy, Environment, Financial services, Low-cost healthcare, Housing development, Information and Communication Technologies (ICT4D), Livelihood, Tourism, Culture, Supply chain services, Technical assistance services, Water, Sanitation, Support services
- Support Organizations: Knowledge organizations, Consulting, Network and Incubators that do not fund
- Impact investors
- Individuals working in social enterprise space or actively engaged in this space as part-time or as volunteers and fellows

Workshop/ Personal Interviews: Qualitative Data Collection

We carried out systematic, qualitative interviews and workshops to gather insights into experiences and viewpoints of individuals and the teams involved in the hiring process. We then compiled this information and developed ten mini-cases (five from an organization’s perspective and five from an individual’s perspective) each of which highlights the existing trends and experiences around talent acquisition and management within social enterprises.

The methods we chose to collect qualitative data were for the following reasons:

- **Workshop:** To gather insights into complex details such as succession planning, transition management at the organizational and individual level, and hiring the right mix of talent and to present them as actionable tips for readers of this report.
- **Personal Interviews:** To collect quantitative survey data about the entrepreneur’s shift to this sector, to highlight strategies specific to the organization, and to study the evolution of the organization and its processes over the years. These interviews also aimed to capture key takeaways, and highlight challenges and solutions specific to social enterprise space.

Mini Case-studies

The organizations and individuals interviewed for the case studies are a subset of the comprehensive list prepared by us, and were chosen to represent different sectors, geographies, management cadres, gender, and age groups in India.

The five organization case studies were chosen from the following categories:

- Organizations operating in this sector for more than five years and working in remote areas. The purpose is to understand the challenges they face in attracting talent and the strategies they have adopted to overcome these. *(Case study on Ek Gaon Technologies, Delhi)*
- Organizations that align their positioning on the value they provide to employees and attract talent from the mainstream sector. The purpose of choosing this case is to understand the tangible benefits by adopting such strategies. *(Case study on Artoo, Bangalore)*
- Organizations that have hired extensively in the last 6-18 months. The purpose of choosing them is to understand their role definition process, the channels they use for sourcing candidates, and their process for final selection and onboarding. *(Case study on Water Health India Pvt. Ltd., Hyderabad)*
- Organizations hiring founding members or senior leadership to augment their current leadership team. The aim is to understand the implication of this strategy while scaling operations and raising capital *(Case study on SABRAS, Ahmedabad)*
- Organizations that have evolved from an existing non-profit entity. The purpose is to understand the benefits and challenges of harboring a “non-profit” culture within the organization and its impact on the talent base. *(Case study on Guardian, Coimbatore)*

The five individual case studies are focused on documenting the candidate’s perspective on opportunities, channels, and the benefits of working in the social enterprise space. The case studies were chosen to highlight the aspirations and motivation of individuals coming from various educational backgrounds, across sectors and geographies. They also explore the challenges involved in persisting in the sector. The case studies incorporated here include:

- Talent who explored unconventional employment opportunities in the social enterprise sector while aspiring for job security and professional satisfaction (Arun Patre)
- Talent whose primary motivation was to align with a strong social mission and to be able to leverage competencies, irrespective of the nature of employment (Swati Gaur)
- Talent who moved geographies (urban to rural) but found employment in the social enterprise sector for his or her capabilities and skill set (Rakesh Kumar Dhoot)

- Talent who have worked in the social enterprise sector for over a decade and were motivated by the opportunity to leverage and develop their skill set and experience (Soumen Maity)
- Talent who, inspired by the founders, switched to the social enterprise sector to assume a senior management role, (Kishan Nanavati)

3. KEY FINDINGS

The analysis was carried out using the data gathered from survey responses of 71 social enterprises across sectors, and 59 individuals working in the social enterprise sector. The findings captured the following

- Trends in talent movement in the social enterprise space
- How organizations are managing talent and processes around them
- The challenges prevalent in the ecosystem for both the candidate and the organization, and
- How organizations are aligning their own expectations based on availability of talent.

A. Talent movement in the Social Enterprise Sector

The commercial sector is an important source for hiring mid-to-senior management talent

The senior and middle management talent in the SE space is an optimum mix of people from the mainstream commercial sector and from social sector (profit and non-profit). This is true for any emerging sector, where organizations try to balance key business and core domain expertise and where the talent movement is common, based on relevant functional or industry experience. The survey responses also validate this. 46% of the respondents indicated that the senior management in their organization had a commercial sector background, while 35% indicated that they were from social sector – with experience in both for-profit and not for profit sector. The survey also validates the movement factor, with 44% of respondents having prior experience in commercial sector before joining the social enterprise sector.

Look for talent in commercial sectors that employ people with “similar skill-sets” for an effective talent acquisition strategy at mid-to-senior level.

Commercial sector experience is balanced with talent movement from the social sector

There is a significant movement of talent within the social enterprise space, especially in the case of middle management. 32% of the respondents indicated that the middle management is being hired from the social

enterprise sector/ non-profit sector. 31% indicated that middle management talent in their organization came from a commercial sector background. (Refer figures 1a-1b). The individual survey validates this further where 10% of the respondents were already in the social enterprise sector and 20% had moved from the traditional NGO sector. (Refer figure 2)

Figure 1a

Organizational Survey - Background of Full-time Senior Management

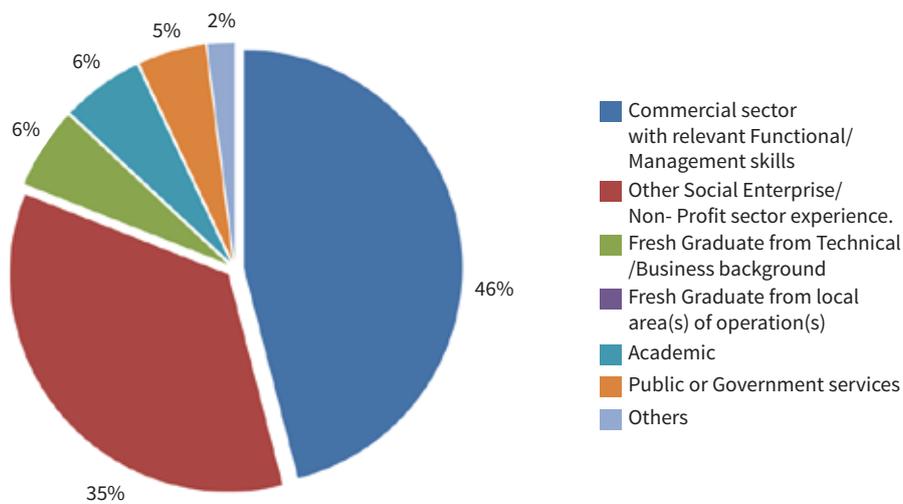


Figure 1b

Organizational Survey - Background of Full-Time Middle Management

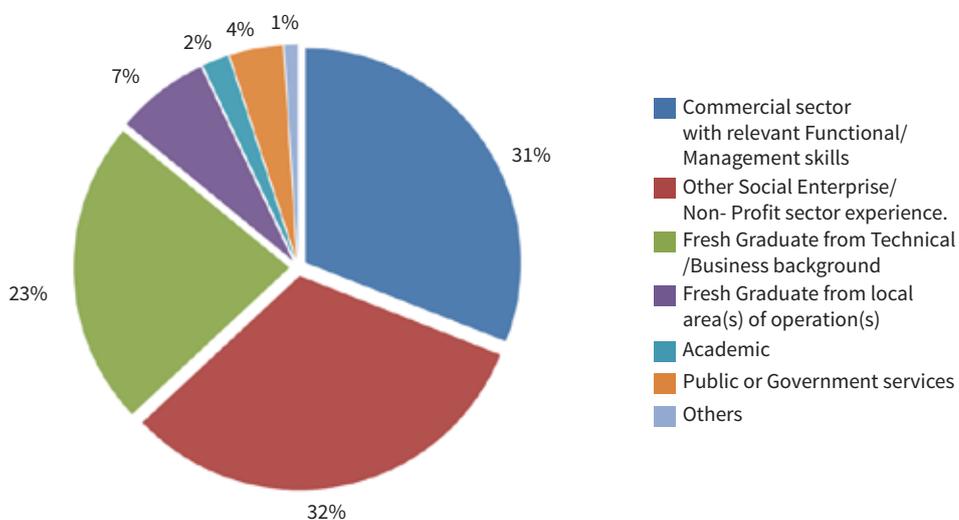


Figure 1c

Organizational Survey - Background of Full-time Junior Staff

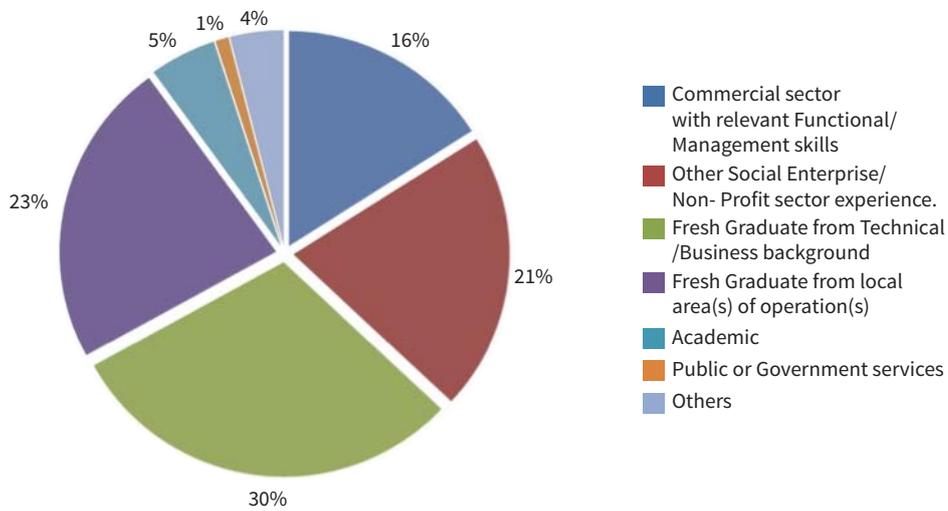


Figure 1d

Organizational Survey - Background of Full-Time Field/Frontline Staff

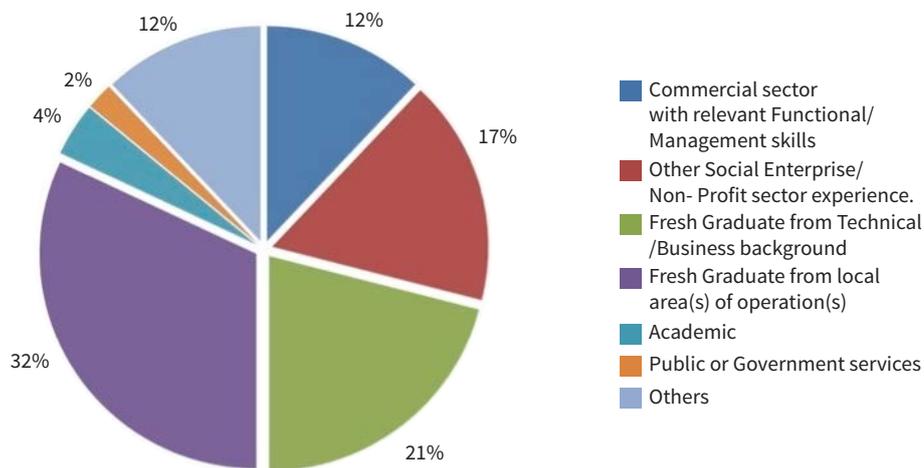
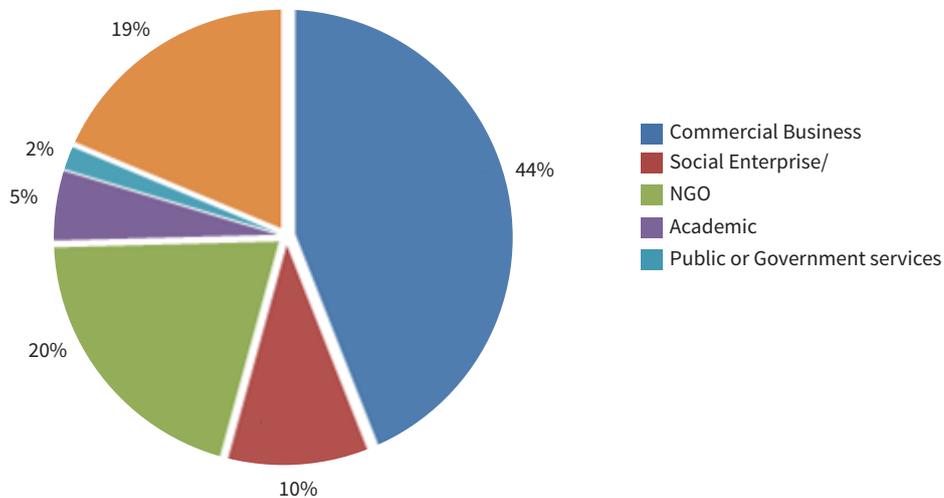


Figure 2

Individual Survey - Background of Individual Respondents



Talent from the existing non-profit sector, who understand the challenges of a non-profit approach and aspire to adopt a business approach, can prove to be effective for business operations.

The organizational case study on SABRAS, where the CEO was hired from commercial sector prior to an investment round, is a good example of attracting senior management talent to help a social enterprise scale up. Mr. Shah founded SABRAS as a model where cause and commerce complement each other in order to create sustainable livelihood for the salt-farming community (*Agariyas*).

Formed in 2007, the core team members of SABRAS are from its parent non-profit organization, Vikas. Cognizant of the fact that matching salary demands would be a challenge for the organization, Mr. Shah created the middle management team from within the organization. The organization, with its bottom-up approach of upgrading skills of the people who had been with the organization since the beginning, was able to retain them. This enabled the organization to overcome high attrition costs and build a sound foundation (earlier, many candidates from a rural management background left the organization for higher salaries).

This case study is a perfect example of synthesis of talent and skills from the commercial and the non-profit world. By growing individuals from within, the organization increased the affordability to hire a senior level employee from the commercial sector and maintain the salary parity within the organization. The new CEO at SABRAS plays a key role in interacting with the team and is working with them to strengthen the existing model. He is also working with Mr. Shah to further nurture and strengthen the relationship with investors.

The individual case study on Rakesh Kumar Dhoot, an accounting professional from Ernst and Young, who later moved to KGVK Social Enterprises in Ranchi, further validates the trend of mainstream commercial talent moving

into the social enterprise sector. Motivated by the opportunity to engage directly with stakeholders, Rakesh has been working with KGVK for over two years now and is channelizing his business and audit skills in the right direction. He feels satisfied witnessing the direct impact of his work on the stakeholders on the ground. He also feels that he has grown professionally, and believes that this has been a good career move.

Hire local talent for junior and front-line/field-related activities

While the commercial sector is a key source of talent for middle and senior management, the non-profit sector proves to be useful while hiring talent for junior and middle management levels. Besides, local talent acquisition and development is critical at junior and field staff levels. The survey data indicates that talent from local areas and institutions is most preferred for front-line staff. Over 47% of junior staff and 55% of field level staff were from local areas. Fresh graduates from universities were also a highly preferred source for junior and field level staff, with over 60% of junior staff and 37% of field staff sourced directly from educational institutions. (Refer figures 1c & 1d)

Hiring and developing local talent to manage local operations makes better sense than recruiting professionals from outside.

B. Alignment of organizational needs with individual aspirations

Most emerging sectors suffer from a lack of talent and are driven to employ innovative methods to attract and train talent from other industries. The situation in the social sector is even more complex. It is based on the premise of 'giving back to society' and having to let go of some, (if not all), monetary benefits in the short to mid-term, with no clearly proven benefits in the long run yet! The challenge, as secondary literature indicates, is most often internal. The founding teams, usually first time entrepreneurs, have seldom hired mid-to-senior level talent to work for them. Hence, their expectations of roles and people fitting that role are mostly based on the need in the organization, with little understanding of the availability of such talent.

On the other hand, the people themselves could be inspired, motivated, and driven by unconventional reasons while choosing a career in the social enterprise sector. Organizations will do well by designing their internal processes to address those drivers and expectations. Most organizations and candidates feel there is a gap between the organizational need and candidate's expectation. These gaps are spread across many factors such as the ability of the organization to match compensation demands, alignment of role vis-à-vis the available talent pool, skill sets and experience, and finally, matching the expectations.

Monetary rewards are important

The organizational survey data indicates that the ability to match salary demands has been identified as the most critical challenge to hire individuals in the senior (65% of respondents) and middle management (59% of respondents) cadres, especially in urban areas. Over 80% of the organizational survey respondents had reviewed and realigned the role description, often by changing the responsibilities based on the candidate's ability to perform them. In some cases, roles were aligned to increase the exposure of key employees. Same percentage of respondents

had also revised compensation to overcome the challenges of hiring for senior and mid-level management roles. In organizations with less than 5 employees, 40% indicated that they hired senior employees on a part-time basis to execute a few projects before taking the decision on hiring them full-time, thus providing an opportunity to the candidate, and the organization, to align their expectations.

Figure 3a

Individual Survey- What do individuals value most in their current organization?

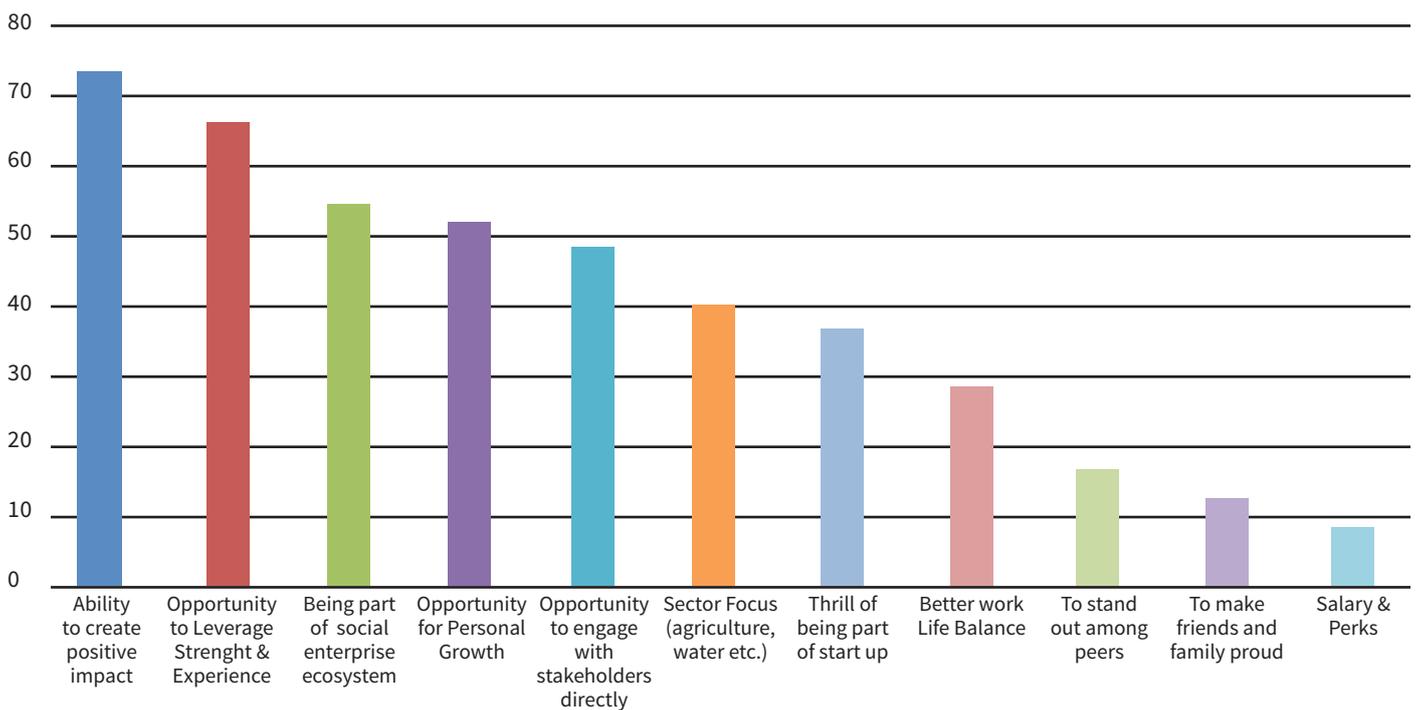
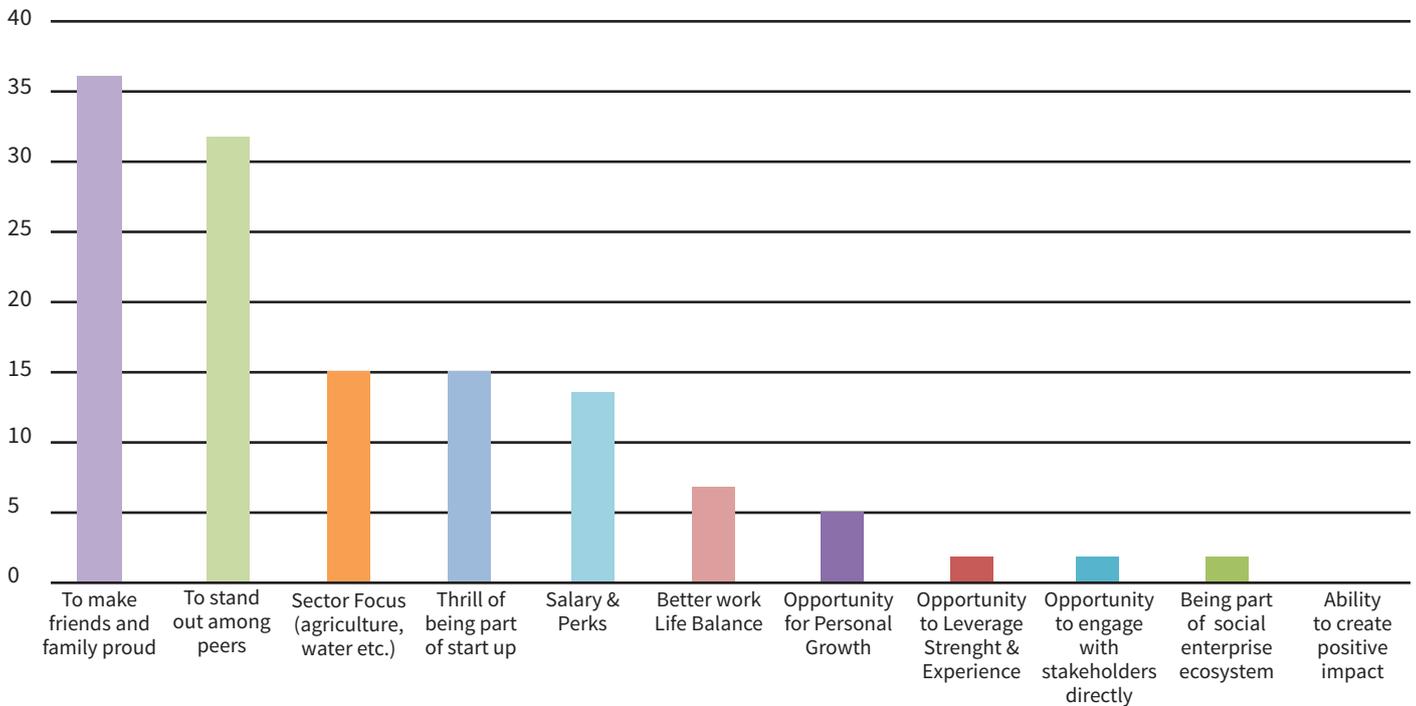


Figure 3b

Individual Survey- What do individuals value least in their current organization?



The criticality of this challenge is further corroborated by data from the individual survey which indicates that 80% of the survey candidates regard salaries and perks as either very important or important when selecting a job. (Refer figure 4a)

Figure 4a

Motivation factors in SE space - Individual view

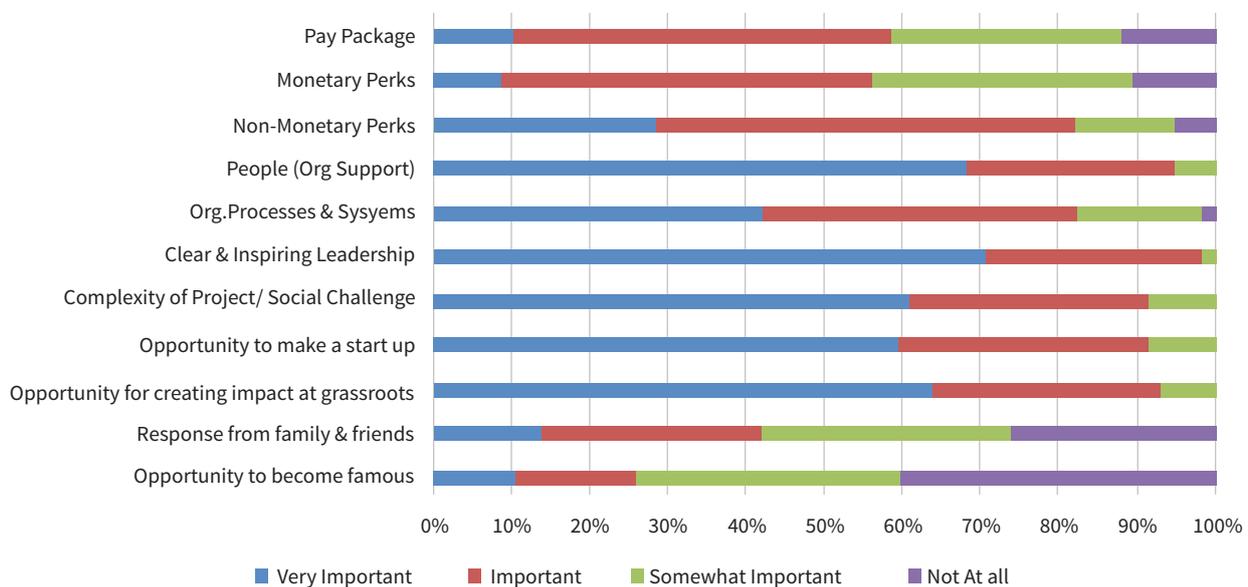
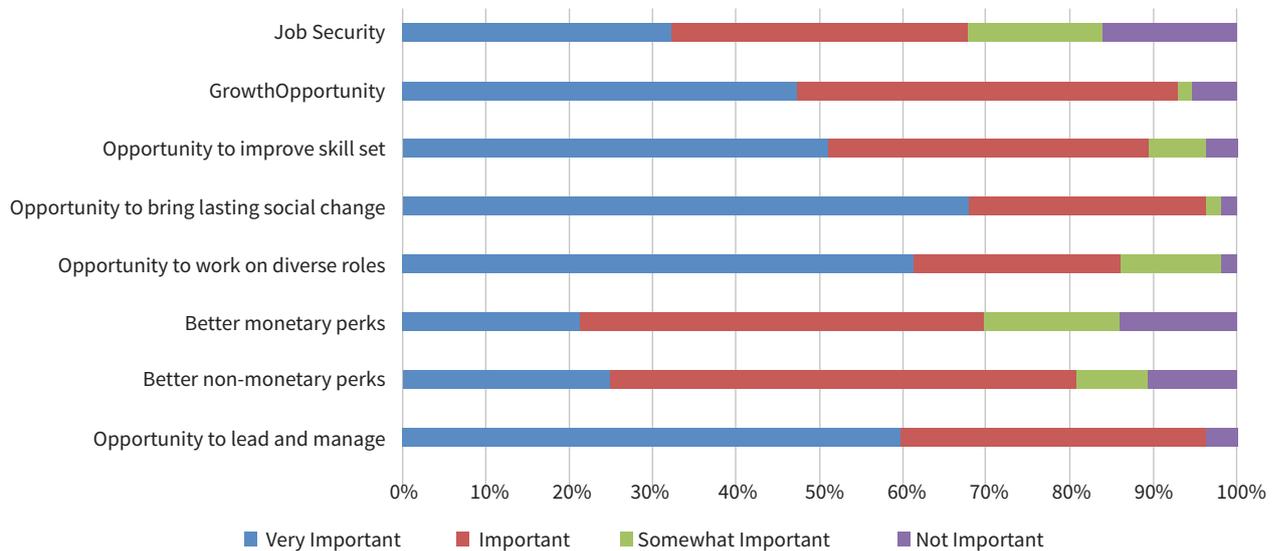


Figure 4b

Retention Factors in SE Sector- Individual View



Be flexible about compensation at mid to senior levels, especially in the early stages of the company. The compensation should be structured around the person who is being hired and the value they bring.

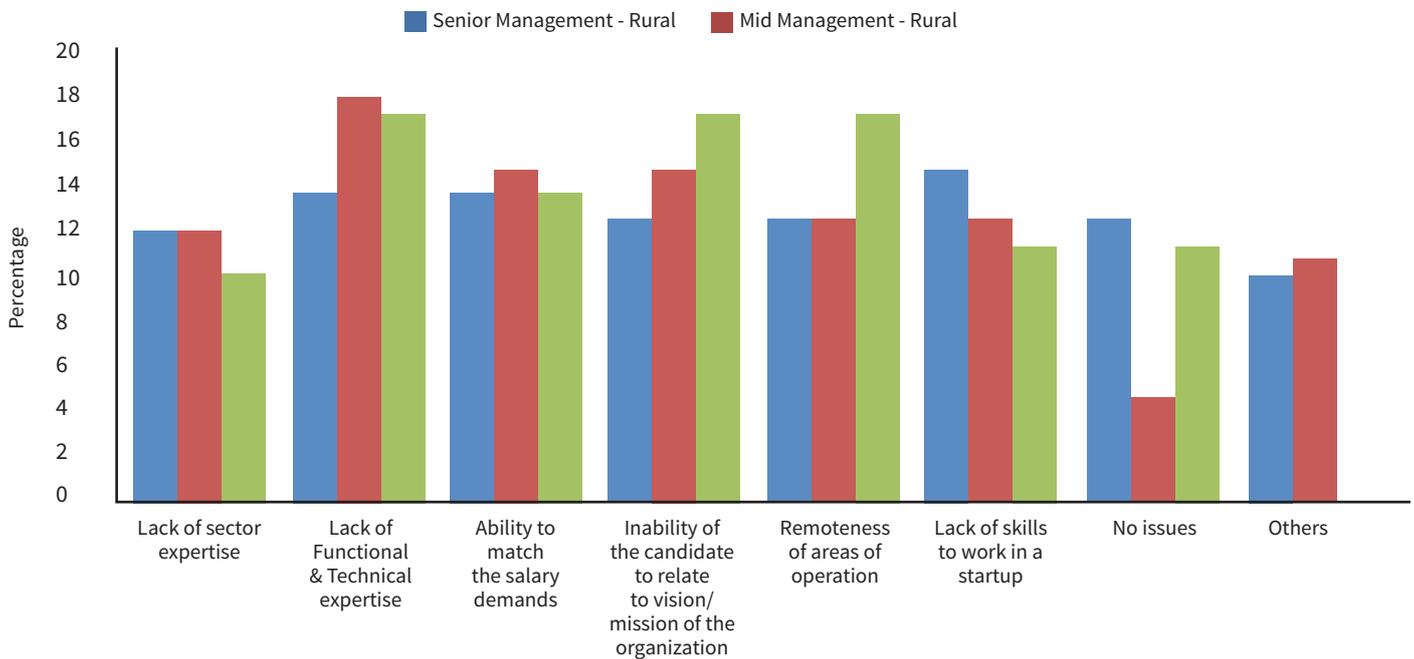
Manage the organization’s and the candidate’s expectations around the role and skill sets

The social enterprise sector, being nascent still faces a gap in relevant skillset and experience. Therefore, it becomes very important for the organizations to align the roles and responsibilities of the candidates based on their skills and ability, and provide the right mentoring and training support. Very often, the skills required in social enterprises are beyond technical skills. For example, the candidate must be able to understand the value proposition to the customer. Thus, the organizations have to identify the right message to attract and retain candidates with the right set of skills.

The organizational survey data indicates that 40% of the respondents feel that sector expertise is one of the most critical gaps among candidates. 33% of the organizations mentioned that candidates lacked the soft-skills to work in a start-up .35% of organizations felt that lack of functional and technical skills were critical gaps among candidates, especially at the middle management and junior staff levels (Refer figure 5). Apart from business and functional expertise, soft skills and the ability to work in an ambiguous environment are crucial to work in this sector. It is also important to recognise that 98% of the respondents to individual survey believed that the opportunity to learn from the social enterprise is what they value the most (Refer figure 4b).

Figure 5

Biggest challenges faced by organisations while hiring talent in SE sector



The organizational survey data indicates that over 37% feel that the candidates, especially the senior and middle management, were unable to relate to the mission and/or vision of the organization.. The individual survey data shows that over 95% of the candidates regarded organizational mission as very important or important to their decision to move.

Be realistic about what you expect of candidates and also understand their career needs. It is difficult to find a superhuman who can deliver a lot for very few incentives!

The individual case study is on Swati Gaur, who has moved across multiple social organizations in India trying to find the right balance between leveraging her skills and her need to contribute to society. Her work at ACCESS Development Services, who implement and conduct research on SHG and Microfinance and knowledge documentation, has helped her achieve a good understanding of ground-level operations. But, she could not foresee a long-term growth at the organization. She then was referred to Cotton Connect through her personal network, as they were looking for someone for their quantitative research division. The role dealt with the agri-supply chain and gave her an opportunity to be more structured at work and engage directly with stakeholders. However, overtime, she felt that the organization’s primary focus moved away from creating social impact. She was unable to continue in her role though the job offered her a wide canvas and allowed her to leverage both her research and consulting skills.

The skills and learning of the candidate is dependent on the nature of work that a social enterprise does. Both the organization and the candidates need to openly communicate their needs and articulate their aspirations to ensure a long-term and productive engagement.

Use multiple levers (monetary, role, culture, growth, area of work) to manage and retain talent

Amidst all these challenges, there exists an opportunity for an organization to better understand and manage a candidate’s expectations. The data from the individual survey indicates that 78% of the candidates regarded a better work-life balance as very important or important, while over 80% regarded personal growth as very important or important. Over 70% of the respondents believed that clear and inspiring leadership was very important for individuals to perform at their best, while over 60% rated people in the organization, complexity of the social challenge, and the opportunity to create impact on the ground as the most important factors. (Refer figure 4a)

Organizations need to pull levers to align the aspirations and motivation (monetary and non-monetary) of different candidates to achieve the desired output. At the same time, the sustainability of the organization has to be maintained through its culture and values. The organizational survey data shows that 90% of the organizations that have over 100 employees use compensation, location, and flexibility as the key levers to find the right talent. These organizations also indicate that changing the placement location to a more conducive one helped in hiring mid-level management, especially in rural areas. Stock options and an equity stake in the organization were also key factors to manage and retain full time employees; this is especially true for senior management employees – as indicated by 54% of the respondents. (Refer figure 6a-6b)

Figure 6a

Managing and Retaining employees across early stage (2009-2012 establishment year)

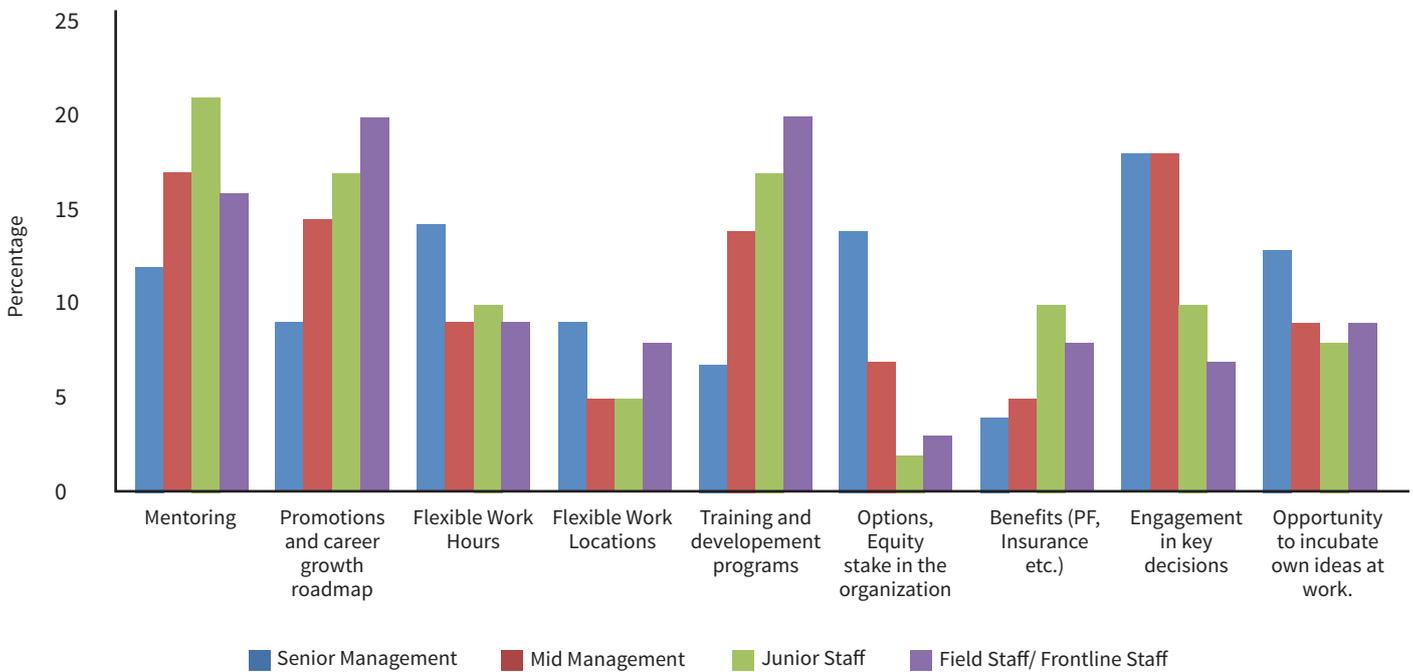


Figure 6b

Managing and Retaining employees across scaling organizations (1982-2008 establishment year)



Aligning the interests and personal growth of the employees to the growth of the organization can help retain talent, increase productivity, and save costs of hiring/retraining.

The organizational case study on Artoo, where the founders had to change their positioning and value proposition to attract the right technology talent, is a good example of a young organization adapting to the talent market's needs. Unable to attract technology individuals to their social enterprise, the young leadership team at Artoo decided to change their image to be more technology savvy rather than just social. To keep the social focus intact, the team aligned the roles of new recruits, by having a component of field exposure/ direct interaction with the stakeholders along with the key role of developing technology.

As a result, the organization has experienced a positive impact, not only in attracting and retaining talent, but also in strengthening its business. At present, Artoo has three individuals at the middle management level. Building a talent pipeline and ensuring that the hiring happened had been a challenge for Artoo. They did not attract right talent when they positioned themselves as a social organization. The individuals hired did not have the soft skills to work in a start-up social enterprise. Artoo's is an interesting case of an enterprise which has tried to pull the internal levers to overcome the challenge in building a talent pipeline.

The individual case study on Arun Patre, who has found the right balance of his role and benefits at SELCO, further validates the need to align the organizational need with the candidate's aspirations and expectations. Personally, he wanted stability in his career and professionally, he wanted to advance as someone with a hands-on experience. So, Arun moved from a low touch role at Acara to a much more stable, on-ground organization-SELCO.

Arun feels that belonging to an established organization provides him the mentorship and stability he was looking for, and gives him clarity on career options he could choose from.

From the above data, it is evident that organizations need to balance their requirements with the aspirations and expectations of the talent market in order to attract the right kind of candidates. Viewing the recruitment process from either only internal or only external perspectives can create challenges for the organizations while attracting committed talent and can significantly increase the time to hire. It is equally important for the candidates to understand the opportunities and challenges of working in this sector and build or position their skills accordingly.

C. Effective Channels To Hire Employees

In a sector that is still at an early stage of development, availability of the right channels for sourcing talent is a challenge and a potential opportunity.

Personal networks and the company’s websites are the most effective mode for sourcing talent

A majority of the social enterprises commonly leverage personal networks and company websites to hunt and attract talent. The organizational survey data indicates that over 72% felt that referrals from their own professional network were the best way to hire senior / middle level staff. Over 25% of the organizations felt that their own websites were an effective channel to find the right talent at a senior to mid-management level and over 51% felt that their websites were effective to hire junior staff in urban areas (Refer figures 7b & 7c). Over 74% of the candidates in the individual survey felt that referral network was the most preferred way of finding opportunities in the social enterprise space. (Refer figure 7a)

Figure 7a

Channels used by individuals to find jobs in the SE space

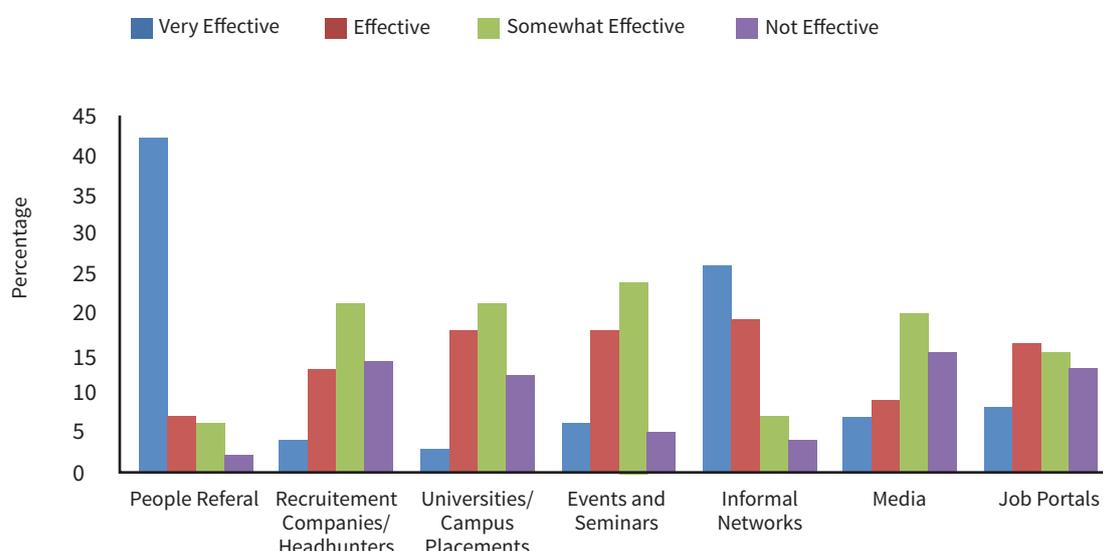


Figure 7b

Channels preferred by organisations to source for full-time employees in urban areas

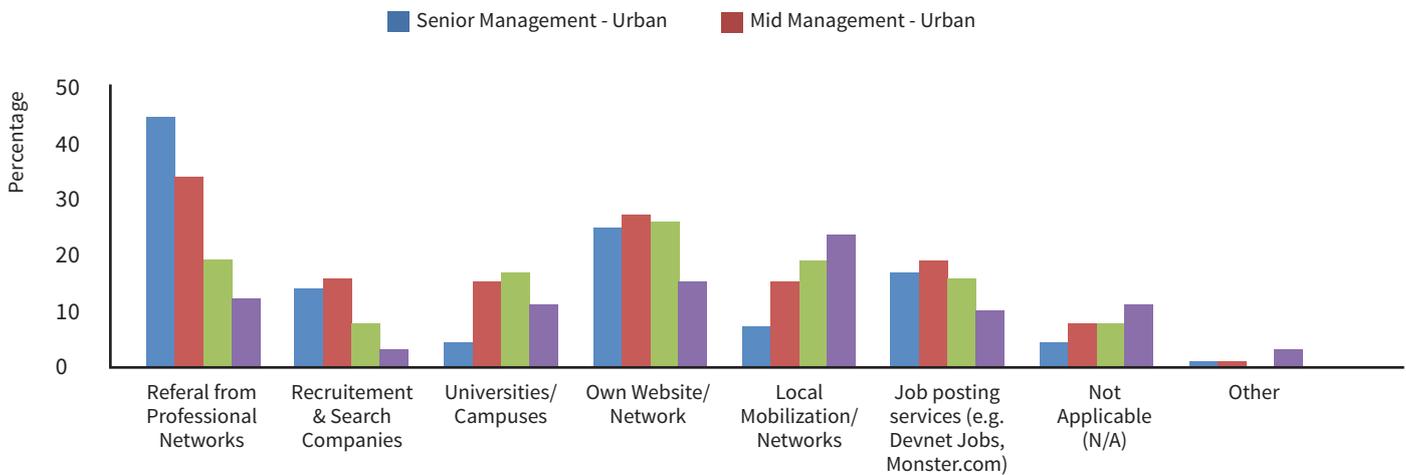
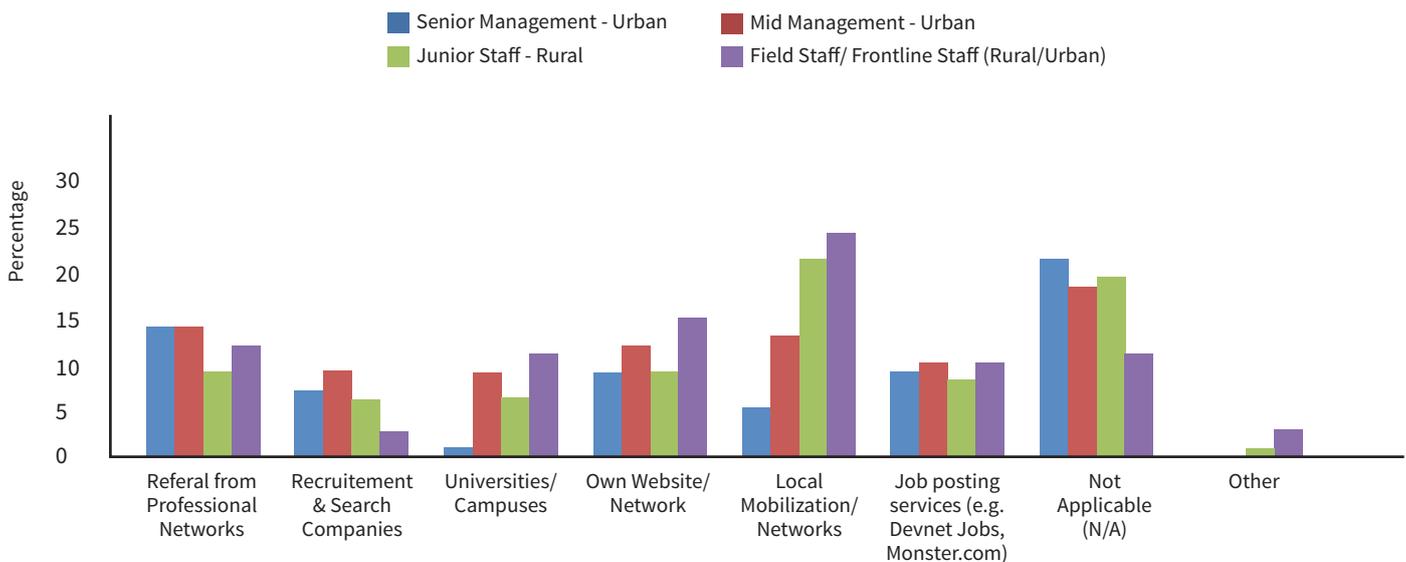


Figure 7c

Channels preferred by organisations to source for full-time employees in rural areas



As an entrepreneur or as an organizational leader it is important to ALWAYS look for interesting people to hire from your network.

Local communities and institutions are the most effective channels to hire Junior/ Field staff

Organizations source and hire front line/field staff from local areas of operation, not because of their ability to understand customers and their expectations, but to cut cost of operations. The organizational survey data shows that over 56% of the organizations hired their front line / field staff from local areas of operation from among fresh graduates. Over 50% of the organizations also felt that local mobilization in rural areas and their own website were preferred as channels to hire junior level and field staff. Only 6% of the candidates in the individual survey found universities to be a preferred channel to find jobs in this sector. (Refer figure 7a)

To recruit rural or field level talent, engaging a local anchor partner(s) who can provide access to talent on a regular basis can be a smart investment.

Recruitment service providers and academic institutions are under-tapped as talent acquisition channels

Respondents to the individual survey indicated that the lack of infrastructure (43% of respondents) and awareness (46% of respondents), were critical challenges in the social enterprise space (Refer figure 9). This could be because there are very few recruitment service providers handling senior and middle management recruiting. The same is true for online portals. Data from the survey also shows that recruitment agencies and portals are not the most preferred channels for hiring candidates. The organizational survey data indicates that only about 29% of the organizations found recruitment agencies effective and only 35% found portals effective in finding the right kind of talent. Recruitment agencies and portals have been more effective for middle management talent in urban areas. In the individual survey, about 23% found recruitment agencies and portals to be effective in finding the right opportunities.

Build good relationships with one or two recruitment partners who can provide access to quality talent and help benchmark against the industry.

(Refer figures 7a & 7b)

The organizational case study on Water Health India Pvt. Ltd., which managed to hire a large number of people from across different geographies in the last few years, demonstrates that they used the right mix of channels and internal strengthening of processes to attract / retain the right talent. A majority of the field staff was hired from local areas of operations and using specific channels such as Jawaharlal Nehru Rozgar Yojana (JRY) and National Rural Employment Guarantee Act (NREGA). These channels have been leveraged to generate awareness about the organization in the community and to access the talent pool available locally.

The organization is also a good example of managing candidate expectations by clearly defining and communicating the job role while also developing an exposure program for the new recruits. This helps them understand the work and organizational expectations.

Initially, the organization faced several challenges - especially in hiring individuals at the field and operational levels in remote areas. Over time, the organization strengthened its screening and communication process. This led to a reduction in the attrition rate from 25% to 15%-20%. Boot-camps were structured for corporate and operational team recruits to build leadership within the organization and develop a strong experiential training program. This helped the organization to screen candidates who were motivated and result-oriented.

These programs help candidates better understand their roles, company expectations, build soft-skills and a performance-driven attitude. If there is a mismatch, candidates tend to leave early enough. The supervisors have also been sensitized to support field staff and build a relationship, which is not just transactional.

D. Strengthen Overall Human Resource (Hr) Processes and Talent Acquisition And Management Strategies

Well-defined HR policies and practices are crucial for recruiting, managing and retaining talent in social enterprises.

Organizations need to develop processes and systems to manage and retain existing employees

Talent management is an integral part of the organization, and the organization must remain committed to developing a superior workforce aligned to its mission and business strategy. The organization is essentially investing in developing systems and processes related to managing and retaining employees. It is important for the organization to understand why employees leave and what could have been done to retain them.

About 50% of the respondents to the individual survey indicated that lack of organizational structure, systems and processes, and clear opportunities for skill development were key challenges while working in the social enterprise sector. Over 66% of the candidates felt that getting to work on relevant and interesting projects was a very important factor to continue in the same organization whereas over 70% indicate that the opportunity to improve their skills was very important to continue with their current employer. (Refer figure 9)

36% of the respondents indicated that senior managers were involved in key decision making, while flexible hours (27% of respondents) and stock options or equity in the organization (24% of respondents) were also identified as key factors in managing senior management talent. Mentoring, promotions and career growth planning are crucial processes developed for middle, junior management and field/front line staff (over 40% of the respondents). 35% of the respondents indicated training and development programs as important systems for Junior and field staff. (Refer figures 8a & 8b)

Figure 8a

Measure to overcome the challenges- Rural (1992-2008)

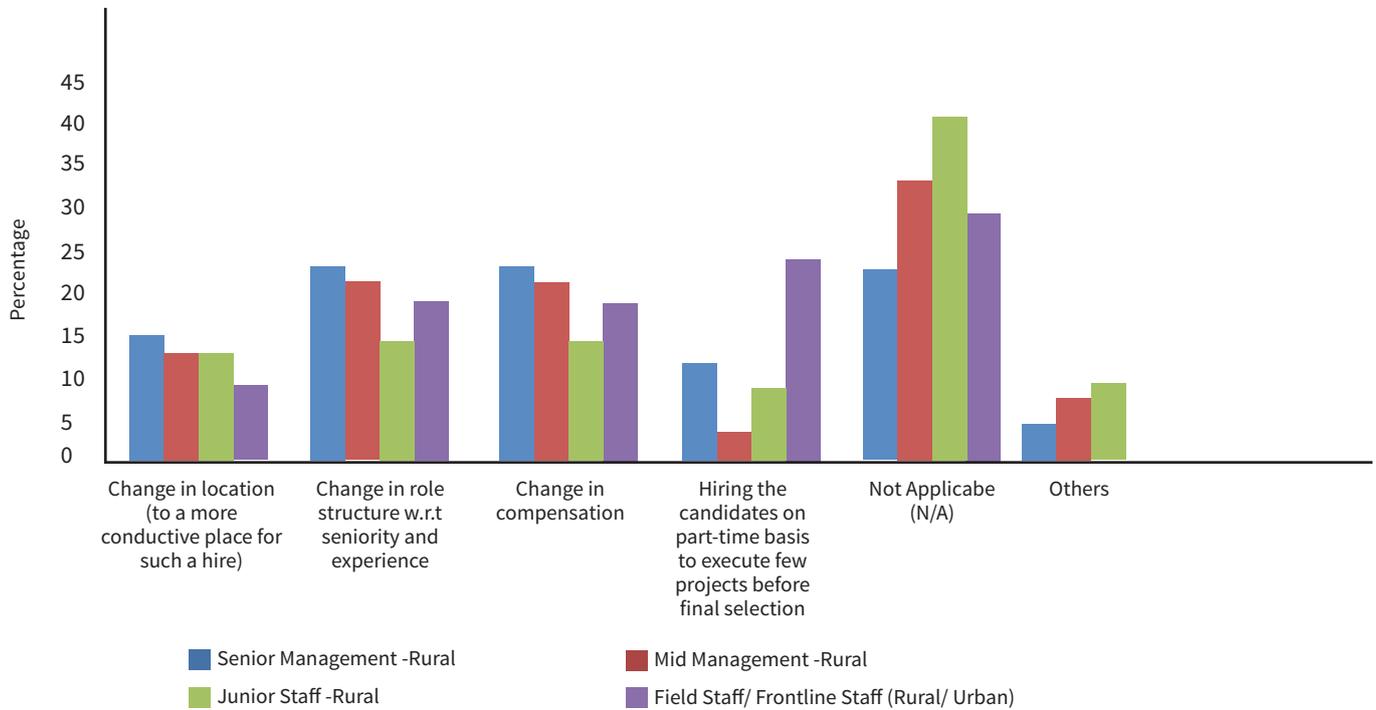


Figure 8b

Measure to overcome the challenges- Rural (2008- 2012)

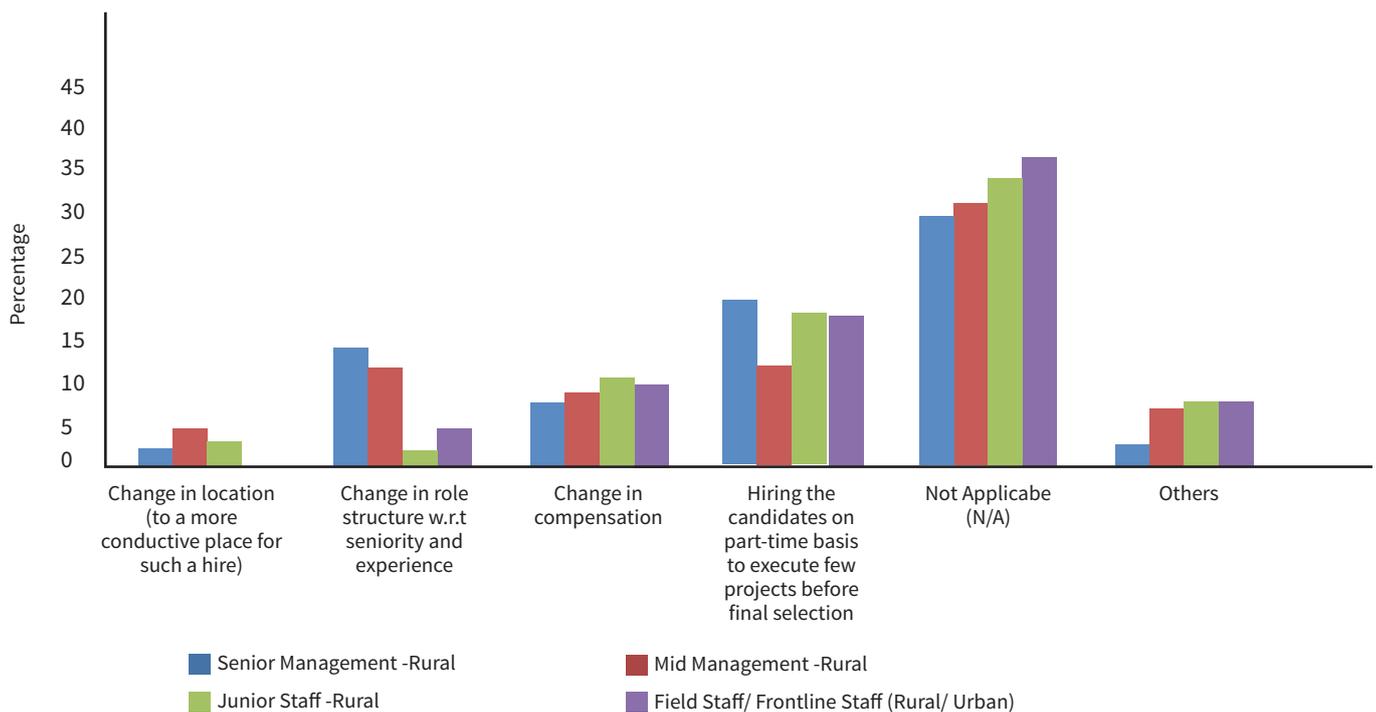
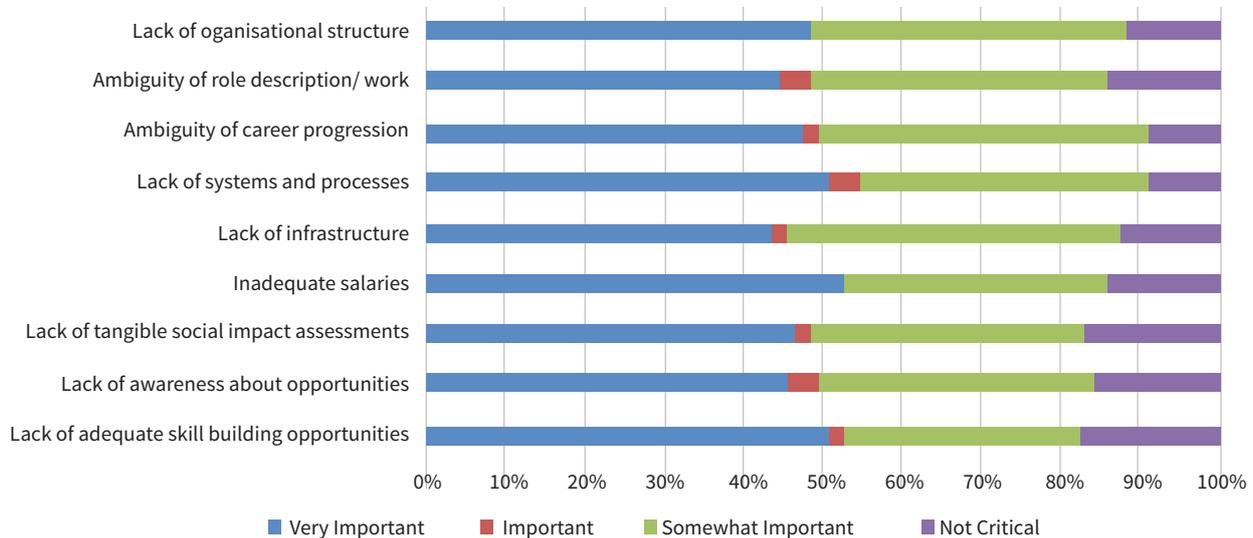


Figure 9

Critical Challenges in SE Sector- Individual View



Managing employees and people needs a well-planned approach. Simple and cost-effective practices can work wonders.

Unmet monetary needs and lack of personal growth are key reasons why employees leave

Data from the organizational survey indicates that over 65% of the respondents felt that better compensation and career growth were key reasons for employees leaving the organization across levels except for senior management. In case of senior managers, 67% of the reasons were found to be “personal” while 40% cited better compensation and career growth. Field / frontline staff (30%) cited lack of satisfaction / unsatisfactory performance of staff among the reasons for leaving. 45% of the respondents felt that better compensation as the top reason for attrition of frontline staff.

With many social enterprises taking more than expected time to scale up, they have to be careful of over promising and under-delivering to employees.

Structured selection and candidate engagement process critical to effective recruitment

Data from the organizational survey indicates that 80% of the respondents felt that organizational roles, career paths for individuals, and internal HR policies were still evolving and were not always clearly defined. 90% of the organizations felt that there was a severe shortage of sources that can provide candidates with desired skills and manage the interview and negotiation processes. These were key reasons for delay in recruitment and

on-boarding of new candidates. The organizational survey also indicates that 35% of the organizations felt that the remoteness of the location delays finding of the right talent and candidates opt-out during the recruitment process itself.

Understand the needs of the candidate and be flexible in designing an offer, within the boundaries of the organization such that it works for both parties.

The organizational case study of Guardian, a social enterprise which evolved from an existing non-profit and hence has a legacy of a strong HR system and culture is a good example of how, strong internal processes can help in recruiting, managing and retaining talent. The organization's experienced senior management team has laid a good foundation that covers not only the vision of the organization but also the processes to attract talent from local areas of operation while managing personnel from the old organization.

Guardian is a non-traditional microfinance institution (MFI) – the model generates on the need for clean water and sanitation, over and above demand generation for loans. Due to a high-touch client servicing model and poaching from local competing MFIs, the organization had lost many of its field staff. As a long-term solution, the organization has now introduced a new skill development program apart from their existing induction program – articulating the role of field staff in their daily work as well as their larger role in society. This program has caused a fall in attrition rates to the current rate of 3-5%.

The individual case study on Soumen Maity, who has been with his present company for over ten years, is a good example of aligning the right growth opportunity to an individual's aspiration to ensure employee retention. He joined the social enterprise space due to his interest in research opportunities offered by Development Alternatives and the commercial viability of its products. The social impact aspect of employment at Development Alternatives was coincidental. As Team Leader of Technology at Development Alternatives, based in Jhansi, he finds most satisfaction in grooming young people in his team. Maity feels that job satisfaction for professionals like him comes from having the opportunity to leverage skill sets and experience, rather than competitive salaries. He opines that social enterprises need to map the aspirations of the professionals they hope to hire and provide them the opportunity to nurture their careers. That is the biggest challenge faced by the sector today.

The individual case study on Kishan Nanavati demonstrates how inspiring leadership and a relationship based on open communication can help senior management transition to the sector. Nanavati moved with his family from Bangalore to Bhubhaneshwar, from the lucrative telecom sector to providing rural population with access to clean water.

From the above data it is clear that the lack of robust HR practices and organizational design leads to many internal challenges in the space of talent acquisition and management. This further amplifies existing externalities of limited talent availability and lack of awareness of the sector's needs. Without a strong and clear organizational design, the role definition process tends to be fluid and continues post the on-boarding process. This leads to challenges in talent management at a later stage. Hence, one of the first steps towards attracting professional talent is to strengthen internal HR processes and bring in clarity.

4. CONCLUSION

The data researched (survey responses, interviews and the mini-case studies) clearly demonstrates that talent is a key ingredient for success in the social enterprise sector. While significant challenges need to be overcome in attracting and retaining different kinds of talent, inputs from the survey and case studies could provide relevant and scalable solutions to many critical aspects of talent management in this sector.

An important learning that has been derived from this research is that, professional talent across sectors, such as rural distribution, healthcare, technology, etc., is becoming interested in the social enterprise sector and that many companies have already attracted talent from mainstream commercial sectors. As has been underlined in the research, this provides both a significant opportunity as well as a challenge to the organizations in the social enterprise sector. There is a need to set and manage the expectations with the candidates moving to this sector. Existing talent in the non-profit sector and the local talent at the grass roots have also come out as important channels to address the talent needs of this sector.

Like most emerging sectors where organizations tend to work in a “start-up culture”, the expectations of candidates go much beyond monetary benefits, even if it is a significant criterion for job selection. This research shows that factors in the social enterprise sector are no different from those that exist in mainstream emerging sectors. An aspiration to contribute to society, to work in a flexible work environment, and to learn and grow their skill-sets have emerged as some of the key expectations of candidates from this sector. The data from the research and the case studies clearly highlights that the organizations that focus on providing more holistic value to its employees, with the right balance of monetary and non-monetary benefits, will find it relatively easier to attract and retain talent.

While many external factors, such as the availability of talent and the sources to find them impact the recruitment processes of organizations significantly, many internal factors tend to have a larger impact on the process and timelines. Research also shows clearly that most organizations in this sector do not have mature human resource management functions, which sometimes leads to the recruitment process of putting together job descriptions, engaging different channels, managing the candidate pipeline etc., being unstructured. This could lead to under-utilization of some of the existing channels and resources in the ecosystem and hiring decisions could be based on limited data and candidates. As is evident from the candidate surveys, the lack of a good HR management system can also affect the retention of candidates.

On a final note, while the organizations in the social enterprise sector have a significant challenge in managing expectations of the talent entering this sector, the good news is that most organizations can offer some of the best non-monetary benefits. At times, they are even better than many other emerging sectors, given the nature of work involved and the attention this sector is garnering. Organizations that adapt themselves to the expectations of the talent entering the sector, without losing focus, culture and vision stand a greater chance of building strong teams and successfully scaling the organization.

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APPENDIX

List of organizations that have participated in the survey

A

Access Livelihoods Consulting India Pvt Ltd
Ankur Capital
Arohana Dairy Pvt Ltd
Artoo
Auroville Consulting
AutomotionAds
AxioBiosolutions Pvt Ltd

B

Barrix Agro Sciences Pvt Ltd
Bartronics
BASIX Academy for Building Lifelong
Employability Ltd
Basix India
Bhartiya Samruddhi Finance Ltd
BookBox India Pvt Ltd
Boond Engineering & Development Pvt Ltd
Bottom of Pyramid Energy and
Environmental Innovations Pvt Ltd
Breakthrough

C

Centre for Social Research
Commonfloor
Cotton Connect (South Asia)

D

Dasra
Digital Green
Dr Reddy's Foundation
Driptech
Drishtee

E

Eco Tasar Silk Pvt Ltd
Ecofiltro
Ecoforge Advisors Pvt Ltd
Ecologin Tourism and Travels Pvt Ltd
Ecozen Solutions Pvt Ltd
Ekgaon Technologies
eKutir Rural Management Services Pvt Ltd
Emtranz Consulting
Enable India
Ennovent
ENventure
Erina Eco Craft Pvt Ltd
Essmart
Ex-Varthana
Eyaas

G

Gram Vaani
Guardian MFI

H

Head Held High Pvt Ltd

I

Indian Grameen Services
INTBAU
Intellectap

J

JeevAnksh Eco Products Pvt Ltd
Jhankar-A Turning Point Initiative
Job Junction
Jobs4Good

K

Karmany
KGVK Social Enterprises Ltd
Kinara Capital, Visage Holdings and
Finance Pvt Ltd

L

LabourNet Services India Pvt Ltd
Local Ocean Trust
Logistimo

M

Margdarshak
MeraGao Power
Milk Mantra Dairy Pvt Ltd

N

Niiti Consulting Pvt. Ltd.
Nuru Energy Pvt Ltd

O

Okapi Research

P

People Builders
Pepal

R

Rajarhat PRASARI
Reap Benefit

S

Sakhi Unique Rural Enterprise
Score Foundation (Project Eyeway)
SELCO Incubation Centre
SMV Wheels Pvt Ltd
Sranvi Inspired Interiors
Swasth India Services Pvt Ltd
Spring Health Water India Pvt Ltd

T

Technology and Action for Rural Advancement
The Maids' Company
TRUE Consultancy Services

U

Udyogini

United Villages Networks Pvt Ltd

UnLtd India

UnLtd Tamil Nadu

Utkarsh Micro Finance Pvt Ltd

V

Vat Vriksh

VOICE 4 Girls

Vox Capital

v-shesh

W

WaterHealth International Inc. (WHIN)

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<http://www.villgro.org/research-papers>