

## **Success Factors of Sustainable Social Enterprises through Circular Economies Perspective**

The informal sector and its workers form a significant portion of the world's economy. According to 2018 Women and Men in the Informal Economy: A Statistical Picture from the International Labor Office (ILO), 61% of all workers globally are informally employed. That means almost two billion workers remain invisible from any government's eye and hence are often kept from accessing crucial social and financial resources. Across all regions and governing systems, the informal economy is diverse and includes a range of small-scale and large enterprises.

In developing countries like India, 70% of informal work is self-employed. Though this work allows individuals to escape extreme poverty by earning income, informal workers typically earn less, have unstable income sources, and lack access to basic protections and services. The sector and its workers are often stigmatized as difficult to manage and historically informal workers have been seen as an opposition to the formal economy.

There is an interesting intersection of recognizing and supporting informal workers that is naturally in line with moving towards circular economies, which minimize waste and prioritize repair, reuse, remanufacturing, refurbishing, recycling, and upcycling. Circular economies are regenerative and require redesigning economic activities with a more holistic view of a country's systems at all levels — small and large businesses, organizations and individuals, globally and locally.

The poor already operate in a circular economy; their small business viability and familial existence depends on extreme efficiency and optimization of energy and materials. Recognizing and incorporating informal workers into circular economies is critically important to bring the required systemic shifts that build long-term resilience, generate business and economic opportunities, and provide environmental and societal benefits.

### **How Circular Inclusive Economies Can Work Effectively**

By taking a close look at all of the available evidence we can distil some of the ecosystem principles that need to be in place in order for circular inclusive economies to work effectively. Here are eight necessary ecosystem principles that can be identified as how to make entrepreneurship work in India and solve a huge jobs problem.

#### **1. Inclusiveness in the informal sector**

Country level, state level and local level governments need to acknowledge and appreciate that all informality need not be culled in the guise of 'smart development.' Accept inclusive economy stakeholders and support them. Don't demonize or exploit them. These stakeholders need governance or policy support, not financial doles.

#### **2. Solutions that address the unique role women play in society and in the economy**



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Women occupy a major portion of the informal sector, working as home-based workers, agricultural labor, construction labor, street vendors, waste pickers, etc. at comparatively much lower wages and sometimes as unpaid labour. A good 58% of workers in the waste sector worldwide are women and as much as 92% of women work in the informal sector as per the [ILO 2018 report](#).

These women support their families financially while also raising children, looking after other family members, and tending their meagre dwellings. Any solution that is designed through the lens of circularity and inclusivity must be designed with consciousness of gender at the core of its configuration. Non-comprehensive solutions that do not take gender into account are designed to fail. Corporations have an important role to play by ensuring they design innovative CSR policies through the lens of women and circular economies.

### **3. Activism and citizen advocacy**

Citizen participation and activism add a distinctive zing to this sector. Globally, many governments act only when citizens rise, ask questions and push the status quo. Bangalore in southern India is a good example how citizens have come together and challenged urban local bodies (ULB's)—both in courtrooms and on the streets, to push for change—largely in the waste and water commons space.

### **4. Empowered ecosystem players**

Urban Local Bodies (ULB's) often struggle to handle these issues. It is wrong to assume that most local administrators are corrupt or have vested interests. They work under tremendous pressure, have vested lobbies influencing them, are low paid, are low on motivation, and sometimes are incompetent. Ecosystem players, like capacity building bodies, non-profits, and training institutions, have to have strategy and stamina to make these bodies work. Easier said than done, but there are successful examples to look to. [In 1995 Surat, a big port city in Gujarat in western India, was ravaged by deadly floods and infested with plague. Municipal Commissioner U R Rao came in, cleaned up the city and turned what was one of the dirtiest cities in India into one of the cleanest.](#)

### **5. Policy interventions and exemplars based on experiences**

Geographic 'ideas inter-portability' can be an important tool to transfer domain knowledge and learnings to like-to-like parts of the world. What can Bangalore learn from Medellin or Barranquilla in Colombia? Or better still, are there any learnings from Kochi, Kerala or Panaji, Goa (all cities in India) that can be absorbed and modified in other parts of India? What can be learned from Malang in Indonesia that can be adjusted for Kampala in Uganda?

How can large multinational companies also 'inter-port' their successful CSR ideas in the very diverse geographies they work in?

### **6. Up-skilling and capacity building**

Up-skilling and capacity building is not being contained only within the ULB's. These needs are also needed within the circular economy stakeholders themselves. How can basic enterprise support be given to help develop small viable businesses? However, each capacity builder needs to note that a preconceived notion of condescending support has to be eliminated when they work with circular economy stakeholders, else it's a road to nowhere. Typical business needs for these communities are access to reasonable cost finance, access to basic infrastructure and access to basic business systems support. One must remember that more often than not, they need hand holding support, not cash bail outs.

Again here, corporations can chip in by co- designing innovative CSR solutions that help in up skilling and capacity building programs.

### **7. Scaling impact and multi stakeholder alignments:**

The problems are huge and solutions need to be matching. Without getting into the conundrum of scale or replication and getting mired into the binaries that often tangle, it is imperative all stakeholders, governments, for profits, non-profits, civil society players, ULB's, capacity players, banks, financial institutions, investors, and others, to do a collective heave to make this informality work!

Industry bodies like CII, ASSOCHAM, FICCI can play an important role in being the bridge between policy, industry and civil society by helping getting stakeholders in one platform by furthering this cause. [A recent example has been the CII event in Coimbatore which is an exemplar in this thought process.](#)

### **8. Building assets for the poor**

This is an important lens through which philanthropic initiatives should be designed. A country like India where such a massive population manages to eke out its living through a mix of sheer hard work, small scale enterprise ideas and personal resilience, building asset ownership – both personal or collective is an important aspect to be considered. Whilst assets are typically seen through the physical lens, they can also be institutional frameworks. [Assets can be, for instance, milling machines or fodder chaff cutters that allow its user farmers to derive income via better processing practices allowing for better revenue generation.](#) Assets can also be intangible non-physical institutional mechanisms like building Farmer Producer Organisations to help collectivise small and marginal farmers. Essentially any tangible or intangible form of asset ownership that allows for value generation during its lifetime or even during moments of crisis where such assets can be liquidated to generate critical life support incomes. [S3IDF has demonstrated several such ideas on the ground in many parts of the world and also in India.](#)

### **Looking Towards the Future**

- India is looking at a huge jobs problem. Only governments cannot solve this problem. A collective 'heave' is needed to keep the engine running and economy growing sustainably.
- Corporations can play a huge role in being a partner to this progress via innovative product and CSR solutions by integrating such thinking into their core strategy
- If the famed demographic dividend theory needs to succeed, jobs have to be generated locally, through simple effective innovative enterprise solutions. If this is successful, then a multitude of other social problems can be solved – migration to urban areas, social fabric distress, women's social security in rural areas and the like.
- Whilst I baulk at the concept of the 'fortune at the bottom of the pyramid' for personal ideological reasons, these large populace in that strata should be seen also as producers and not just as consumers. This inverted thinking allows for more equitable and sustainable generation and consumption of wealth.