

Influence of innovations in HR strategies on talent acquisition and retention policies of Indian social enterprises

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Abstract

Over the years there has been a phenomenal growth in the number of Social Enterprises in India. This is partly a consequence of a new policy of the Government to gradually withdraw from social development activities. The gap thus created is being filled by Social Enterprises. A Social

Enterprise can be a 'for-profit' or 'not-for-profit' venture engaged in income-generating activities with an agenda of bringing about a positive change in society. While Social Enterprises are engaged in the development of people, it is rather paradoxical that they experience a variety of problems concerning the management of human resources within their enterprises. It is common knowledge that social enterprises perennially struggle with various critical Human Resource issues such as getting employees at low rates of compensation, providing growth opportunities for employees within the organization, retaining talent, especially in the middle management, and providing clearly defined roles and tasks to employees, etc, leading to high attrition and increasing the cost of acquiring and training new employees. It thus becomes critical for Social Enterprises to think out of the box and try a variety of innovative strategies to overcome these problems.

This paper discusses a few such Innovative HR strategies adopted by Social Enterprises to attract and retain talent, such as offering jobs to people with vision and value congruence, enhancing the credibility of the organization through brand building, providing opportunities for personal growth, creating a sense of ownership among employees through participation in decision making, creating a sense of ownership among employees by giving equity shares, creating entrepreneurial opportunities within the organization, Collectively these strategies seem to suggest that social enterprises adopt a '*partnership paradigm*' for managing their employees.

Keywords: Social Enterprise, Social Entrepreneurship, HRM, Talent Acquisition, Talent Retention

Introduction

India is a developing nation. Social development in developing countries has traditionally been viewed as the responsibility of the Governments because of the massive scale of its operations and the limited or no capacity of its beneficiaries to pay for the services. While the need for social development in developing countries is enormous, the resources available even with the Governments are limited. Besides the Government machinery and the bureaucracy are ill-equipped to monitor the implementation of social development projects at the grass-root level.

Hence, over the years, Governments in developing countries adopted a policy of gradual withdrawal from various social development activities. This has created multiple voids in the social realm which have been filled by nongovernmental agencies commonly known as nonprofits. Nonprofits play an increasingly important role in providing services, for which the public and the private sector lack time, information, resources, and inclination. They advocate for a variety of social, political, environmental, ethnic, and community interests and concerns, contribute to the social and cultural life of the society, and actively participate in community building. They combine economic and market forces with social goals and their employees are expected to fulfill business requirements as well as strictly adhere to ethics, accountability, and equity in services. Nonprofit organizations, in the course of their service, face several challenges in terms of reductions in government funding, the decline in charitable contributions, competition from for-profit providers of certain services, and demands for increasingly higher levels of accountability.

Objective

1. To find out the best possible way out for Talent Acquisition in Social Enterprises.
2. To suggest a suitable solution for Talent Retention of Social Enterprises.

Social Enterprises: Nature and Types

The term '*Social Enterprise*' evokes various kinds of images and impressions among researchers and practitioners. Social Enterprises are driven towards innovation primarily by two forces:

First, the nature of the desired social change often benefits from innovative, entrepreneurial, or enterprise-based solutions;

Second, the sustainability of the organization and its services is dependent on innovations in identifying various streams of income-generating activities to diversify its funding sources.

Social Enterprises are hybrid organizations that have mixed characteristics of philanthropic and commercial organizations in several aspects.

Human Resource issues of Social Enterprises

Human Resource Management (HRM) is of utmost importance to Social Enterprises mainly for three reasons.

First, the personal services provided by social enterprises mean that these organizations cannot replace employees with investment in physical facilities and equipment.

Second, more than in other organizations, employees of social enterprises are attracted and motivated by intrinsic factors such as a belief in the organization's mission and values and an opportunity to actualize their values, and participation in decision-making. These factors have an impact on the recruitment, retention, and motivation of people in Social Enterprises.

Third, in view of the need for professional delivery of services and accountability requirements of the new funding environment, employees are arguably the most critical stakeholders in the strategic positing of Social Enterprises. It could be argued that employees of Social Enterprises are more likely to experience job dissatisfaction if:

- (a) They perceive that their organization is not achieving the public good that attracted them;
- (b) The mission is de-emphasized or derailed by other considerations and
- (c) The espoused values are inconsistent with those practices in the organization.

Social Enterprises often get pulled in opposing directions: on the one hand, there is an urgency to do more of what they already do in achieving their social objectives: on the other hand, there is pressure to become more effective and efficient. This has resulted in drastic changes in the operating environment of Social Enterprises over the past two decades.

In addition, they found that it is difficult for nonprofits to recruit in certain areas, such as Information technology and business development, as the salaries prevalent among these professionals are too high for them to afford.

On the other hand, Social Enterprises spend large portions of their scarce resources on recruiting and training new employees from time to time. This is a paradox that makes observers wonder if the resources spent on recurring recruitment and training could be spent more beneficially

towards compensating the employees adequately so that they would stay longer with the organization and ensure smooth and continuous operations thereby leading it to higher levels of effectiveness.

Talent Acquisition in Social Enterprises

It is widely recognized that human resource plays a significant role in enhancing an organization's performance and effectiveness. No wonder there are persistent efforts by organizations irrespective of their size, age, type sector, etc to attract the best talent available. Talent has become the key differentiator for performance management and for leveraging competitive advantage, especially in knowledge-based organizations.

With better talent acquisition and development, employee engagement improves and so does productivity. Maximizing team engagement, motivation, and retention through due diligence in talent acquisition are vital in today's highly competitive environment. Only a talent resourcing process that is well defined and well-executed from start to finish yields consistent and compliant results which will in turn yield a competitive advantage in the war for talent.

For recruiting employees at the lower levels, especially for jobs requiring knowledge of the local language and familiarity with local conditions, Social Enterprises often use employee referrals and local newspaper advertising - methods that are relatively inexpensive and have a local focus.

There could, however, be an advantage for the employee referral system that the employees, with their thorough knowledge of the organization, would be able to bring in the most appropriate candidates, especially in terms of ideological congruence with the organization. This is of particular relevance for social enterprises in view of the fact that research studies have consistently shown that a better match between employee values and organizational values predicts employee commitment and satisfaction on the job.

As Social Enterprises have limited resources to spend on recruitment, most of them nowadays use the Internet and campus recruitment mechanisms for recruiting large numbers, especially those with specialized knowledge and skills. For example, microfinance organizations such as BASIX and FINO

While it is difficult for social enterprises to mobilize job applications, it is even more difficult for them to process these applications due to limited or no HR specialists available to them. Such difficulties are aggravated by the indiscriminate applications by candidates who apply without looking at the profile and the nature of the job.

Over the years, the number of corporate executives looking for a career shift has drastically increased. Although this talent pool is a very good source of recruitment for Social Enterprises, the latter are finding it tough to tap this growing potential employee pool, because of their limited capability to meet the high expectations of this group.

Talent Retention in Social Enterprises

Retention of non-leadership staff in social enterprises deserves special attention since the loss of such staff is costly in terms of new recruitment, training, and development, interruptions in service, and decreased employee morale. Researchers maintain that the most important goal of the contemporary human resource systems is not to recruit the finest professionals but to create congruence between people and organizations so that they would stay and work with the organization.

In the absence of such congruence, To avoid such a potentially destructive situation, there has to be a continuous assessment of the interface between the employees and their work environment, and the development of advanced HR strategies for recruitment and retention.

This is particularly relevant for the current situation when the retention rates for Social Enterprises especially nonprofit organizations continue to decline, with more workers turning to the for-profit corporate sector as an alternative. Against this background, it is not surprising to see those social enterprises, many of which are also not-for-profit organizations, undertake HR innovations almost continuously, particularly in the area of employee retention. Few such innovative employee retention strategies are used by Social Enterprises.

1. Offering jobs to people with vision and value congruence

There are many social enterprises that work on sensitive issues such as Leprosy, HIV, child abuse, women's empowerment, disabilities, etc. Employees in these organizations are mostly either of unfair treatment relating to such issues or feel strongly about them. Hence they are naturally motivated to bring about a change in society. These organizations to a certain extent, act like religious institutions where devotees have faith in the ideology and therefore do selfless service. They treat their jobs as an opportunity to actualize their ideologies and get them accepted by society.

2. Enhancing the credibility of the organization through brand-building

It is not difficult for large and reputed social enterprises to retain their employees since these organizations have a brand name. Employees feel a sense of pride and recognition by associating themselves with such organizations. These are mostly international social enterprises or large social enterprises, for whom the acquisition and retention of talent is not a problem. However, organizations do not grow large overnight; nor are they started as large ones in the first place.

Along with the growth in size, some organizations make deliberate attempts to enhance their brand image. While the image-building exercise is relatively easy for social enterprises because of the generally acceptable nature of their social objectives, it is the consistency and commitment with which they promote such social objectives that build the image of the organization.

3. Providing opportunities for personal growth

Unlike large social organizations, smaller ones are unable to attract talented employees because they are not widely known amongst people. To attract and retain talented employees some the Social Enterprises create opportunities for their employees to participate in conferences and workshops within and outside the organization so that they could develop themselves for effective performance on the job as well for career growth.

Some organizations have tie-ups with various national and international funding agencies such as the Ford Foundation, UNDP, Bill & Melinda Gates Foundation, Sudha Murthy Foundation, etc which sponsor promising students as well as employees of social development organizations to pursue studies abroad.

4 Creating a sense of ownership among employees through participation in decision making

Highly networked organizations like grassroots can provide learning and development opportunities to their employees through the support of their associates, which becomes a powerful retention strategy. However, when the organization is low on networking they sometimes adopt a strategy of providing autonomy and entrepreneurial opportunities to employees within the organization.

5. Creating a sense of ownership among employees by giving equity shares

Some Social Enterprises create a sense of ownership in their employees by giving them an equity stake in the organization or elevating some employees as co-founders. Such strategies have multiple benefits such as the employees sharing the risk and burden of the organization and at the same time going the extra mile to achieve results since they are directly affected by the future of the organization.

6. Creating entrepreneurial opportunities within the organization

An innovative practice of some social enterprises for retaining their employees is to create a career or entrepreneurial opportunities within the organization. Employees are given the freedom to execute projects as entrepreneurs. This brings out their creativity and enables them to try new things, which in turn encourages them to set higher goals for themselves.

The system also creates a network of entrepreneurs, which provides them opportunities to work with different entrepreneurs and thereby creates an ecosystem for helping the poor.

7. Finding employees from among beneficiaries

Social Enterprises all over the world often recruit their clients or beneficiaries as employees. This strategy of developing beneficiaries-employees is particularly suitable for organizations that provide subsidized or free services to their clients. Since the 'clients' have received free or subsidized service from the organization sometimes they would be willing to work for it for low pay or no pay.

8. Attracting employees to a serene lifestyle in peaceful and scenic locations

Social Enterprises which are located in far locations in India such as the hilly regions, North Eastern plains, or Andaman Nicobar Islands can retain their employees because of their geographical locations. Employees working in these areas like the scenic beauty and serene lifestyle that are characteristic of these areas. Employees build a family kind of relationship with local inhabitants and get deeply attached to these people and their lifestyles.

9. Providing attractive fringe benefits to employees

Since small social enterprises cannot afford to pay high compensation to their employees, they try many other different methods to compensate their employees. One of them is to provide fringe benefits. Such benefits may be offered in many ways such as support for employees to pursue higher studies at foreign universities and provide opportunities to do part-time consultancy work for other organizations which could supplement their income.

Conclusion

There is no doubt that the not only world but its part India also is currently experiencing major social, environmental, and ethical crises, and no institution in the government, civil society, or private sector, can alone effectively deal with crises of such magnitude. It is essential for all the stakeholders of society to come together and deal with the growing concerns of the world.

The quest for reducing grant dependency on social development activities has given rise to a new form of organization, namely social enterprises, whose main funding source is the revenues generated by commercial activities. While this new form of organization would have greater financial autonomy, the resources generated by them are not large enough for them to afford market-rate compensation and perks for their employees. Hence their HR strategies have to be designed around a different paradigm than the traditional one based on salaries and perks.

Social Enterprises, on the other hand, seem to operate based on a '*Partnership Paradigm*' of HRM. This is a matter of necessity rather than choice, even though an ideology of inclusiveness is fundamental to the creation of social development organizations.

One reason why an employee of a Social Enterprise has to be a partner is the fact that Social Enterprises are mostly service-providers, where it is extremely difficult to separate the service from the person providing the service. Hence the employee has to be fully integrated with the organization and thereby its service ideology to be effective in his/her work.

The second reason why the partnership paradigm is more suitable for Social Enterprise is that there will be a sharing of risks and responsibilities, because of which the work is perceived as more important than the monetary rewards associated with it.

Thus the employees would be prepared to work for relatively low compensation, which could become a significant factor contributing to the long-term survival of most Social Enterprises.

These are the theoretical reasons why social enterprises are likely to adopt a partnership paradigm for managing their employees.

Out of the eight strategies identified, the majority are about developing a partnership with employees. Of special relevance in this context are the strategies like building vision and value congruence; brand building of the organization; developing a sense of ownership among employees through participation in equity as well as decision-making; providing learning and development opportunities to the employee to better equip them for their service-tasks; and creating entrepreneurial opportunities for employees within the organization. It is therefore legitimate for us to propose that the theoretical paradigm governing the HR strategies of Social Enterprises can be described as a partnership paradigm.

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Conflicts of Interest

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Data Availability

The data used to support the findings of the study can be obtained from the corresponding author upon request.

Note

The data used for this research was up to 2015, changes has been occurred thereafter hence there is scope of further study

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