Developing successful enterprises

WASH 2016 Training
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KEY MESSAGES

• Entrepreneurial traits matter for enterprise success
• The starting point most often assumes enterprises will be ‘for-profit’, however there may be opportunities to capitalise on pro-social motivations
• Appropriate legal structures and policy settings that support social enterprises rarely exist
• Understanding motivation opens up new pathways to attract, approach and support different forms of entrepreneurs
• It’s important to be realistic about where enterprises will thrive (e.g. rural remote areas might be hard)
Entrepreneurial traits

- Proactive approach: 67%
- Need for independence: 23%
- Need for achievement: 64%
- Innovativeness: 38%
- Risk taking: 38%
We found a positive relationship was found between number of entrepreneurial traits and relative success...
Pro-social traits were also evident...

Pro-social traits of sanitation entrepreneurs - Indonesia

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<thead>
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<th>% of respondents</th>
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<tbody>
<tr>
<td>No pro-social trait</td>
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<tr>
<td>Weak pro-social trait</td>
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<td>50%</td>
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<td>36%</td>
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Pro-social traits of water entrepreneurs - Indonesia

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<td>38%</td>
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<tr>
<td>Strong pro-social traits</td>
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Pro-social traits of sludge removal entrepreneurs - Indonesia

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<td>29%</td>
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<td>Strong pro-social traits</td>
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Motivations underpinning pro-social behaviour...

- **Empathy and compassion for the poor**
  - “I have compassion for local people who haven’t got enough clean water to use.”
  - “Usually poor people would like to have a toilet...if their money is limited, then they can pay by installments in a specified time. I was poor. Therefore I know how it feels.”

- **Self-satisfaction from helping others**
  - “I feel satisfied because I can do something useful for the society.”
  - “It is a good deed. If we don’t get any profit, just be sure that God will give us rewards.”

- **Religious beliefs**
Other motivations beyond pro-social motivations...

- **Extended social networks**
  - “I gain new experiences, new networks and new relationships.”

- **New skills, knowledge and experience**
  - “I feel proud to change people’s behaviour to become healthier”

- **Camaraderie and sense of group mission**
  - “I'm feeling united with friends… partnering”
  - “every challenge … we will try facing together because in [the association] we have the principle of kinship, solidarity, and mutual cooperation.”

- **Lifestyle and time flexibility**
  - “I have flexible time and feel free in my mind because I manage the business by myself.”

- **Status, acknowledgement, pride**
  - “I can train people [and] travel to NTT by plane.”
  - “I get the respect from my local community”
  - “I feel proud to change people’s behaviour to become healthier”

Other motivations beyond pro-social motivations…
The starting point most often assumes enterprises will be ‘for-profit’…
But what about social enterprises?

Social enterprises may respond to different incentives based on their motivations.

Appropriate legal structures and policy settings rarely exist.
Opportunities to capitalise on the social motives?

Social enterprises

- State
- Private
- Community

- formal
- informal
- not-for-profit
- for-profit
- public
- private
Creative ways of working around available formal business types – forms of social enterprise

- CBO
- Cooperative
- Loans
- Donor projects
- NGO
- (% of profit)
- Govt projects
- Business org
- Selling products and services
- Business org
- Water supply
- Water charges
- Households

(isf.uts.edu.au)
Incentives can be constructed that act upon motivations...
Common challenges for enterprises

Operational
- e.g. water enterprises high operating costs not able to recover though charges

Access to market
- e.g. lack of business partnerships; lack of info about market

Human resources
- e.g. difficulties in finding staff with the right skills

Financial
- e.g. lack of financing options for enterprises and customers

Govt and regulations
- e.g. lack of or unfavourable policies and regulations
Evidence shows that costs are higher in more remote areas... often areas with poorer households.
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• Understanding motivation opens up new pathways to attract, approach and support different forms of entrepreneurs
• It’s important to be realistic about where enterprises will thrive (e.g. rural remote areas might be hard)