

Topic of Study: Social Enterprise

As a teacher of Economics and Business Studies, I have been interested in the changing models of business and their impact on the communities in which they operate. While it is acknowledged that for many people in business, profit remains a primary motivator and focus, increasingly we are seeing people from a range of backgrounds viewing business as a vehicle for achieving a myriad of aims including environmental and social. Often there are synergies with these aims since there are shared values between people who want to help the disadvantaged and reduce the negative impacts of human activity on the environment. It would be naïve and foolish to suggest that businesses can completely disregard profits. To be economically sustainable, revenue must exceed costs, on average and in the short term to maintain liquidity, but choices can be made as to how much profit to target and what the profits are used for.

Ethical business, which can be thought of as businesses that seek to “do the right thing”, is increasing in frequency alongside the consumer trend of ethical consumption. It would be wrong to suggest that traditional businesses are not ethical or that their owners do not care about their impact on the environment and society. It would also be short sighted to not acknowledge the positive economic impact of businesses in their communities directly through the provision of incomes and essential goods and services, as well as flow on spending and the impact of corporate social responsibility programmes. In addition, businesses contribute enormously to the government’s ability to provide collective services through the tax system.

Our students too are increasingly aware of the issue of inequality, both locally and globally. Many of them are not content to shrug their shoulders and say “it’s too hard”. A number of NGO’s do great work in advocating for the disadvantaged and providing opportunities for them to act, but there are some great stories of businesses making an impact that should be told.

The businesses profiled in this report have chosen to direct their profits to furthering their social goals.

Context

In my term off, I travelled to India and visited three businesses in West Bengal: Freeset, The Loyal Workshop and Sari Bari. The businesses concerned call themselves “Freedom Businesses”. Two of these businesses have strong connections to New Zealand. My wife and I were privileged to spend a month working voluntarily for one of the businesses (Freeset) in two locations (Kolkata city and Murshidabad district). We were providing some training for emerging leaders in English language, computing and business skills.



Freedom Business

Human trafficking is a huge problem in several parts of the world, but it is particularly prevalent in West Bengal. Supply comes significantly from impoverished rural communities in Nepal and Bangladesh and areas of India close to the borders. Young women are often promised jobs in cities such as Kolkata or even sold by desperate parents and vulnerable children are abducted. Demand is from the brothels of Kolkata and other cities of India and the Middle East as well as the illegal organ transfer market.

We heard the story of a 14 year old girl who was left to look after several younger siblings after both parents died. Her “choice” was to sacrifice herself into prostitution so that her siblings could be fed, clothed and educated. Seldom is it a free choice to enter this market. Freedom businesses seek to offer an alternative to the women who have been lured or sold into prostitution. Their primary aim is to provide employment with dignity to those who want to leave the industry and those who, by virtue of their economic deprivation are at risk of being drawn into prostitution.



Freeset

Freeset was established in 2001 by Christchurch couple, Kerry and Annie Hilton who had moved their family to Kolkata two years earlier to live among and help the poor. They recognised that a business model could be used to empower people through training and meaningful employment, to experience freedom in the sense of having some ability to choose their destiny. While a number of ideas were investigated, jute bags were settled on as the initial product. The business was established in the heart of the city’s largest red light district, Sonagacchi and initially employed twenty women. It has grown to around 200 women employed making a range of high quality jute bags and organic cotton tee shirts.



The solution to poverty in the community is the creation of businesses to provide employment opportunities for women. Freeset Business Incubator has been set up to explore new business opportunities in the rural area of West Bengal. It provides business support services including logistics, marketing and product development from its base in Kolkata along with offices and space for training and social services.



Freeset Fabrics is just three years old and was set up in the area of Murshidabad, about 200km north of Kolkata. The location is strategic in that this area is on the trafficking route from Nepal and Bangladesh to the brothels of Kolkata. Young women in this district are at risk of being drawn into prostitution through the lack of economic opportunities in their deprived community. By establishing the business, Freeset have been able to prevent some young women from entering the trade and in some cases allow others the opportunity to return home to a life of freedom and dignity. In addition to offering an alternative to prostitution, the establishment of a sustainable business in the community allows families the opportunity to keep their children in education longer and reduces the pressure to marry off their daughters at a young age. Freeset Fabrics combines traditional and contemporary weaving techniques to produce hand woven scarves for the export market and is now employing close to 50 women.



A further sewing operation has been established in the rural town of Dhulian producing cotton pants and another sewing factory is being set up in Dakbangla. Freetset Fabrics is also investigating a new weaving factory to extend the capacity of the unit in Sherpur.

The Loyal Work Shop

After several years of research and planning, The Loyal Workshop opened for business in 2014 with an initial intake of five women from Kolkata's sex industry. Kiwi founders Paul and Sarah Beisly were introduced to the freedom business concept after a visit to Freetset. The Loyal Workshop makes leather wallets, satchels and belts from cow and buffalo hide using ethically sourced eco-tanned leather.



Sari Bari

Sari Bari is an Indian registered business based in the red light district of Kolkata. It was established 11 years ago by Americans Sarah Lance and Kristin Keen.

The name of the business comes from the words "sari", the traditional clothing worn by Indian women and "bari" the Bengali word for home. Sari Bari purchases second hand saris and transforms them into a range of bags, blankets and accessories.

Sari Bari



Competition or Co-operation?

While there is a sense in which these businesses are in competition, the reality is that they share many of their values and their overall mission and vision, resulting in significant co-operation. Each business is working to free women from the bondage they are in and would love to see the community in which they work and in many cases live, transformed. The people know each other and willingly provide support and in some cases share resources.

Freeset and The Loyal Workshop were established and are owned by Marketplacers International Ltd. Marketplacers is a 100% New Zealand owned company that “is engaged in redeeming the marketplace through business with interests in several nations across Asia”. It is the business arm of New Zealand Baptist Missionary Society (NZBMS).

The businesses profiled in this report also co-operate with NGO’s such as Justice Ventures International, an organisation that promotes an awareness of trafficking issues and supports those people affected through advocacy and more direct action.

Mission and Vision

The three businesses each have as their goal a desire to transform individuals’ lives through the provision of meaningful and dignified employment. A natural consequence of this over time and therefore their vision is to see communities transformed from a bondage to the sex trade to economically sound, caring and healthy communities.

Freeset:

“Our mission is to transform communities oppressed through sex trafficking. By 2021, our goal is to employ 1000+ women in Freeset businesses, to start ten new business ventures, to provide holistic care services and see vibrant faith communities”

The Loyal Workshop:

“Our vision is for these women to find freedom and wholeness in all aspects of their lives. We believe business in tandem with community can make this possible. Beautiful things start small. We started with just five employees. The foundation of our business is people. These women are fast becoming loyal friends. They have complex lives full of abuse, poverty and oppression. To help them untangle themselves from oppressive situations takes time. And we’re not in any hurry. This business exists for them.”

Sari Bari:

“Our mission is to offer freedom to women who are trapped in the sex trade and to provide opportunity to women who are vulnerable to trafficking. We do this by providing employment in a safe, loving environment, where women are trained as artisans. As they create beautiful, sustainable and handmade products, while they’re also making a new life for themselves. Sari Bari seeks the sustainable restoration of red light communities and the prevention of the exploitation of women and children in the commercial sex trade”.

Production

Production decisions for these businesses are inextricably linked to their values and mission. In a very basic sense, many profit motivated businesses want to minimise costs and therefore seek to hire the most productive workers they can find and pay them the lowest wages they can reasonably get away with. In contrast, freedom businesses deliberately seek those with little or no education and skills and significant social and emotional needs and pay them above market rates. Freedom business does not fit a low cost model. A stated aim for each of the businesses and indeed their raison d’etre is to employ more women from the sex industry or at risk of being drawn into it.

Freeset:

"Freeset uses an 'upside down' model that turns the normal principles of running a business on their head. Businesses generally choose the best people for a job and pay them the lowest possible wages. Here, women are employed on the basis of their need for freedom, rather than their qualifications - many have had little or no schooling. The women are often dealing with health problems (including HIV/AIDS), and psychological effects from abuse and exclusion from society. They are trained and then paid well above the going market rate. The transformation in women's lives is clearly apparent, simply because they've been given a chance."

The Loyal Workshop:

"Our artisans are women from backgrounds of poverty, each with their own story of trauma and oppression; sold, stolen, trafficked and forced against their will into the sex trade. Without prospect of finding alternative employment, they were trapped but still with dreams, talents and larger than life personalities."

Sari Bari:

"At Sari Bari, women who have been exploited and marginalized continue to rediscover and reclaim their dignity, identity, and value as women.....young women who are aging out of aftercare and vulnerable to re-trafficking will find opportunities for economic security and continued trauma recovery."

Social Responsibility

As a result of their employment policies and their core value of empowering individuals and transforming the community, a comprehensive training and welfare programme is important for each business. Training involves significant elements of rehabilitation as well as educational and technical aspects. The businesses recognise that for their work in the women's lives to be sustainable, the support needs to reach beyond the work place. Each business provides some social work component with families and the local community.

Freeset:

"The Freeset Trust works in the Sonagacchi red-light area of Kolkata, teaching the life-skills necessary to truly experience freedom; reading, writing, budgeting skills and basic health care.

Tamar is a project of the Freeset Trust. Tamar has a broad vision that reaches beyond the walls of Freeset to offer services to the wider community of sex workers in our neighbourhood in Kolkata and eventually into the villages of Murshidabad. Tamar provides health services to the staff employed at Freeset Bags and Apparel, as well as some services to other businesses employing women from Kolkata's sex trade. Tamar also provides health advocacy for women who need help accessing health services and understanding their health conditions.

Tamar runs a literacy and numeracy programme for women exiting the sex trade and budgeting classes to help women manage their money in more sustainable ways. There is also one on one support for debt management and budgeting as required. Tamar acts as intermediate between local schools, hostels and at risk children to encourage them in their education. They also work with children who have dropped out of school and find ways for them to re-enter school or find a vocational training programme for them to enter. Tamar provides emotional support services for women to work through some of the trauma they experienced during their time in the sex trade. Freedom in its wholeness is a lifelong journey for Freeset women.

In 2011 the Tamar Community Centre was opened in Sonagacchi, Kolkata's largest red light district. The community centre exists as a safe space in the community for the many who still await freedom from the sex trade. The community centre is open five days a week with an average of 120 women accessing the centre on a weekly basis. The community centre also provides advocacy on any social needs arising."

The Loyal Workshop:

"Becoming free from slavery is a complex journey. We take a holistic approach of supporting her as she fights for her freedom. Our support includes: informal counselling, group therapy, legal advice, debt consolidation, spiritual formation, budgeting support, addiction support.

Educating women is the future of development. We provide six months of Maths, English and Bangla classes. We also work with our artisans to ensure their children are going to and staying in school.

Initial comprehensive medical check-ups are provided and follow up support from any health issues that arise. We now provide health insurance cover for our artisans.

We pay fair living wages to our artisans and a retirement savings scheme is coming soon."

Sari Bari:

"Holistic care is a high value at Sari Bari, which is why we journey with women as partners in their social support needs as they continue to take courageous steps towards restoration and wholeness ... through ... various healthcare and educational programs: Sari Bari Training, School Benefit Program, Well Woman Check-up, and HIV/AIDS Supplemental Support."

Labour Intensive Production

Freedom businesses deliberately have a labour intensive production process consistent with their aim of employing more women out of the sex industry. As previously stated, this does not suit a low cost business model nor does it invite the application of new technology to production. However, a labour intensive process is consistent with hand-crafted or artisan produced products, for which there is growing consumer demand. Sari Bari and The Loyal Workshop both promote their unique selling position as produced by artisans and Freeset Fabrics scarves "celebrate the heritage of hand-loom weaving in West Bengal". Freeset and Sari Bari use the division of labour and so can assign women to various tasks according to aptitude and skill level. This works well when some women come into employment with significant psychological and emotional damage and an education deficit and are therefore much slower to pick up new skills. At The Loyal Workshop, the women are trained to produce all of the products and follow the process from start to finish giving them a great sense of ownership and pride in their work, reinforced by the artisan signing their name on the finished product's label. This of course resonates with the target market who get to "be part of their freedom journey".

Environmental Commitment

Care for the environment is another central tenet of these businesses and is important to their target market.

Freeset:

"Environmentally friendly, jute fibre can be recycled. Jute is a rain-fed crop that doesn't need much in the way of fertilizer or pesticides. Production is concentrated around the Ganges delta region of India and Bangladesh where the warm, wet climate during the monsoon season provides ideal growing conditions. It takes between four and six months for the plants reach a height of around 12 feet (3.5m) when they are harvested. The harvested stems are then tied together and soaked in water to soften before being stripped of their fibres.

Our raw materials are sourced from suppliers who use sustainable farming and production processes. This means they avoid the use of chemicals, hormones and preservatives which damage the Earth and are harmful to people. Pesticides and fertilizers used to grow non-organic cotton have an extraordinary impact on the Earth and on those who work it. That's why Freeset sources GOTS certified 100% organic cotton for its t-shirts. The cotton is also dyed using a 100% organic process.

In our Kolkata facility, we use only water-based ink for screen printing, avoiding harmful petro-chemicals and compounds.

Aprons are printed using eco-friendly, water-based inks."

The Loyal Workshop:

“Leather tanneries are a major global polluter. Many tanneries dump chemicals and employ child labour. As an ethical business we didn’t think we had a future with leather goods until we discovered an Eco-Friendly Fair-Trade tanner right here in Kolkata....among the first tanners to move into the government regulated tanning complex with a centralised effluent system. He also collects rain water to reduce his water use.....developing a unique, ethical, full-grain veg-tanned eco leather just for us.”

Sari Bari:

All of the products produced by Sari Bari are constructed from recycled materials. As the name suggests the traditional Indian garment, the sari is upcycled to produce a range of new products.

Marketing and Distribution

Knowing your ideal customer and fully engaging this segment of the market is a key component of marketing. The target market for these businesses is the more affluent, educated and discerning consumer who is aware of the consequences of their consumption decisions. They are well versed in global issues, care about the environment and inequality and want to make a difference. Such consumers are conscious of brands that have values consistent with their own and will favour brands they perceive to be ethical.

An important strategy for the business is to tell stories of the people who benefit from their existence. While they are committed to selling products of the highest quality, there is a very real sense that what they are selling is not just a product but a stake in the freedom journey of the women employed. Product labels reinforce this message.



Social media is an obvious platform for such engagement. Websites, facebook, twitter and Instagram all offer opportunities to connect consumers to the people they vicariously care about. Each website also invites the reader to “get involved”, not just by buying the products but by sharing the information, finding out more about the issues, advocating and supporting various social programmes through donations. There are also opportunities to volunteer, take on an internship or apply for longer term positions in the companies.

Distribution is primarily through on-line channels and local distributors in countries such as New Zealand, Australia, Britain and USA.

Sustainability

While social enterprises have as their primary goal, some social objective, in this case the freedom of women from exploitation in the sex industry, sustainability has multiple (and often complementary) dimensions. The discerning target market for these freedom businesses would be less likely to support a business that is not committed to sustainable environmental practice.

However, the businesses understand the importance of running a financially sustainable organisation. Their product needs to be able to stand on its own merits. The business needs to be profitable. Some of the wider social goals are administered through trusts attached to the business which can access funds via donations and grants.

Freeset:

The Freeset Trust's Tamar project administers its social work programme and is funded through donations. Freeset Business Incubator has also been able to access dollar for dollar funding conditional on the number of start-up businesses created. Banzaid, the aid and development arm of the New Zealand Baptist Missionary Society is a member of the Council for International Development and is accredited with the New Zealand government's New Zealand Aid Programme which will match each dollar donated through Banzaid.

Banzaid is partnering with Marketplacers and Freeset in the Murshidabad based programme, a five year project which aims to establish four business units (including Freeset Fabrics), employing 250+ "at-risk" women in the Murshidabad district. The government is contributing \$1.25 million. In addition to start-up capital for the business units, this includes funding for the occupational skills training for the women; counselling, health and welfare support through Tamar and support for a Trafficking Awareness programme in the community, run by Justice Ventures International.

Sari Bari:

The formation of Sari Bari USA has enabled the company to channel web sales through that tax exempt entity and enhance its ability to expand and offer employment opportunities to more women trapped in the sex industry. The Sari Bari Trust, through donations, administers social and medical welfare programmes, which enables the provision of additional, holistic support to the women.

Personal Reflection

From a personal perspective, I have gained a great deal from this experience. I have seen and to a degree shared in the lives of others very different from my own. My respect for the dignity of all people regardless of their ethnicity, culture or socio economic status has been affirmed. My eyes have been opened to the extent of the issues related to human trafficking but my outlook is not without hope. The work of the freedom businesses profiled in this report is inspiring and it has been a wonderful experience for me to be part of the tide of change. There are of course many other organisations working for the benefit of oppressed people in all parts of the world, but the nature of how business works allows disadvantaged people to contribute to their own empowerment and allows others to share in their journey through participating in the market place. For this reason, I believe that these stories need to be told and in Business Studies and Economics classrooms there are naturally occurring opportunities for this to happen.

Acknowledgements

The information about these companies comes from their websites and Facebook pages as well as visits to the factories in Kolkata and Sherpur. Quoted material is from the relevant website.

Images used are from the websites or from my personal collection. Permission has been obtained from individuals who could possibly be identified.

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