

Sustainable Community-based Enterprise: A Study of Udupi Jasmine

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Abstract

In the demanding and progressive world, progress takes shape through application of new ideas to pestering socio-economic problems. Local community development which seeks to empower individuals and groups of people by providing them with the skills they need to effect change in their own communities. An enterprising characteristic among a local community of a particular place taking lead in resolving socio-economic issues can take shape of Community Entrepreneurship leading to the formation of Community-based Enterprise (CBE). In undertakings, individuals who are already members of some geographical community, act collectively to initiate and operate an enterprise in pursuit of their common purposes. Community members constitute the body of decision-making authority and have direct control of the enterprise's operations in these enterprises. This paper discusses the CBE of Udupi jasmine in Karnataka that has helped in the development of this area through community initiative. The paper begins with some discussion on the concept of development followed by detailed narration on the CBE model. In the later part, it speaks about the proposed CBE model vis-à-vis jasmine economy of Udupi. Finally some insights into the whole concept of CBE in the regional context is made to draw conclusions.

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Introduction

In the common parlance, development implies economic progress. Scholars claim that it involves change, improvement and vitality, a directed attempt to improve participation, flexibility, equity, attitudes, the function of institutions and the quality of life. 'Development' is a process that has space for new options, diversification, thinking about apparent issues differently and anticipating change (Christenson et.al., 1989). It is the creation of wealth – wealth meaning the things people value, not just dollars (Shaffer, 1989). Being a complex issue, the term development has many different and sometimes contentious definitions. In the context of community, it leads to a net addition to community assets, avoiding the 'zero sum' situation where a job created 'here', is a job lost 'there'. Development (Opschoor, 1998) postulate of India or elsewhere are mainly intended to:

- Ensure adequate family income to provide subsistence essentials
- Create sufficient employment to allow for the continued redistribution of income and opportunity
- Increase access to education and improve literacy rates
- Enhance the ability of the population in general to participate in government
- Promote national independence
- Satisfy the needs for every individual to become self-reliant and be a part of the development process.
- Freedom to the individual to start one's own enterprise

The United Nations Development Programme (UNDP) uses a more detailed definition. It says, the development is to lead long and healthy lives, to be knowledgeable, to have access to the resources

needed for a decent standard of living and to be able to participate in the life of the community (<http://www.volunteeringoptions.org>). Moreover, it linked people perspective of development that stresses the liberation of people from obstacles that affect lives. If community members can learn to communicate across class, ethnic, and racial lines, and to set up organizations, systems, and policies to take advantage of their resources and address their problems, they can make life better for everyone. Hence, this takes form of community development which seeks to empower individuals and groups of people by providing them with the skills they need to effect change in their own communities

(http://en.wikipedia.org/wiki/Community_development). Many a times, the clamoring for lasting solutions to pestering socio-economic problems can take shape of community-based enterprises (CBE). They are undertakings in which individuals who are the members of given geographical community, act collectively to initiate and operate an enterprise in pursuit of their common purpose. Community members constitute the body with decision-making authority and have direct control of enterprise's operations.

In the Indian sub-continent different regions are endowed with unique resources that assisted people to localize skill-sets to develop 'place specific' products, and indigenous knowledge that can pass from one generation to next (Putting it in World Trade Organisation terminology as Geographical Indicators). They have survived for generations and even today they are providing gainful employment to the community involved. CBE Model not called by that name though it is prevalent for many decades. May it be Kashmir Shawl or Kanjeevaram Sarees or Assam Tea and our own backyard Udupi Jasmine or Mattu Gulla each one is having a special place in the mind space of Indians. They are shining examples of CBE survived for decades. No attempt has been made to understand these under the

lens of CBE. This paper tries to propose a model to understand them in the context of CBE. Furthermore this article tries to answer the following questions:

1. Whether community-based enterprises can ameliorate socio-economic problems like poverty alleviation, rural development and inclusive growth?
2. Can CBE work better than individual-lead enterprises in bestowing benefits to the society?
3. What are the roles played by social animators or societal leaders in development of community entrepreneurship?
4. What forces certain segment of communities but not all get encouraged in being part of the CBE?
5. What is the special bondage that holds whole community and also that provides emotional ownership of CBE?
6. Can successful models of CBE be up scaled elsewhere in the country or any part of the globe?

An attempt has been made in this paper to propose a Sustainable Community-Based Enterprise model and validate that model in the context of Udupi Jasmine. In Udupi District of Karnataka jasmine growing and marketing is successful in social and economic development that proved robust for over seventy years. The paper begins with some discussion on the concept of development followed by detailed narration on the CBE model. In the later part, it speaks about CBE model vis-à-vis jasmine economy of Udupi.

Sustainable Community-Based Enterprise (CBE) Model: An Overview

Communities across different places around the globe are in sense of tension and turbulence in maintenance of their survival needs. Globalised world has challenged them with problems of unemployment, lack of industrialization and low sources of income.

They individually look out for options by finding employment or getting self-employed in some vocation for their family and self-sustenance. But on wider dimension of this sustainability issue, people coming together collectively to resolve it can give rise to innovation in solution. Quite often that may take the form of community-based enterprises which is the core of the present paper.

In their seminal article Peredo and Chrisman (2006) have proposed that CBE is characterized by people movement wherein a community collectively takes charge for the establishment and progression of an entrepreneurial venture. They have argued that successful CBE depict certain characteristics. They suggested that the emergence of CBE is usually characterized by the following ten items:

- a) CBE appears as a response to a social/economic stress faced by the community.
- b) It is a product of incremental learning there are no magic answers and careful planning and involving of all constituents is preliminary to taking action.
- c) There are repeated economic transactions between players in the community.
- d) Social capital is integral to the formation of a CBE.
- e) It is based on available local skills.
- f) It has multiplicity of goals that is the need to achieve social, economic, environmental, and cultural goals simultaneously.
- g) The project is managed and operated by local people rather than external experts.
- h) The community acts as an entrepreneur when its members, acting as owners, managers, and employees, collaboratively create or identify a market opportunity and organize themselves in order to respond to it.
- i) The size of the community should be sufficient to generate a stock of social resources that is optimal to allow social

organization to become an economic organization.

- j) CBEs are owned, managed, and governed by the people, rather than by government or some smaller group of individuals on behalf of the people.

Above characteristics can be re-organised into specificities of: one, the people and second, the place (Figure 1).

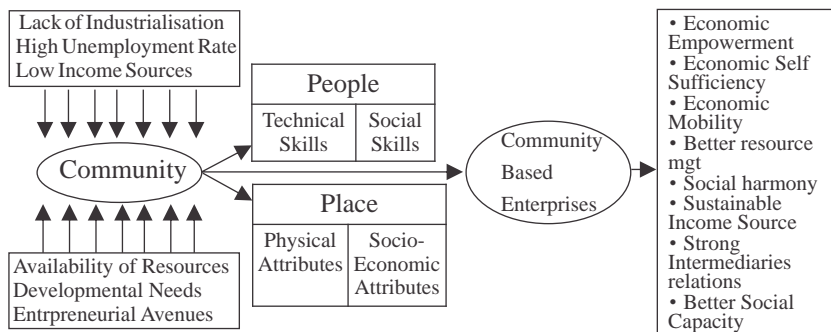


Figure 1: Sustainable Community-Based Enterprise Model

The emergence and sustenance of CBE model rests on two basic aspects. Certainly people possess some technical skills that have been passed to them their elders and the social skills which arise from the continual interaction between individuals and the resultant networking of people. Place in this context has certain attributes that may be termed as physical resources endowed and socio-economic specificities.

2.1 People

- In all forms of development, people' factor is an important criteria in both initiating the process of development and reaping the benefits of development. CBE sustainability can be linked to the people specificities which are peculiar to the skills that are usually developed when one learns to do a given task competently. By this it means one can do it to the best their his/her ability, in the most appropriate manner. Anyone can develop skills if he/she is willing to put in the necessary effort. In CBE Model it is important that people possess

develop variety of skills that can enhance their life and change it for the better. As suggested by Peredo and Chrisman (2006) local people's individual skills and their capacity to manage it on their own is important. People need to possess the know-how understanding for the conduct of their businesses and also they need to learn the importance of social interactions that also play an important role in sustenance of their entrepreneurial initiative. In this sense there are two main planks for getting people specificity in the CBE Model which includes technical skills and social skill

- **Technical Skills:** Technical skills that are developed in CBEs, enable them to be able to understand, communicate with, and lead the technicalities of the entrepreneurial initiative for their growth, expansion and long term existence. Further they really need to be able to understand the technical language spoken by the CBE members and have a very good general understanding of what is faced by them and also to be able to effectively tackle issues concerning them. This does not mean that they need technical skills to better their entrepreneurial initiative, but the level of technical understanding is important to provide the best results for other members in the community. For a successful CBE as suggested Peredo and Chrisman (2006), people need to have many skills that enable them to conceive, develop, implement and grow new ideas, products, services and business which are most critical skills that they must develop and possess.
- **Social Skills:** Social skill is any skill facilitating interaction and communication with others wherein social rules and relations are created, communicated, and changed in verbal and non-verbal ways. In CBE, social skills are how people

relate to one another for the continuity of their entrepreneurial initiative which would help in leading, managing, relating culturally and relating to others communicating.

2.2 Place

Place specificities could relate to a town, a city neighborhood, a rural area, etc. In the context of CBE model suggested, the place specificities are essentially the features that are uniquely available to support the entrepreneurial initiative. Any locality or place with unique features that would differently favour the growth of their entrepreneurial ventures in different places. Further place specificities can be characterized by two attributes namely: physical and socio-economic attributes.

- **Physical Attributes:** Entrepreneurial ventures are mostly characterized by the availability physical resources that are uniquely present in an area. It could include altitude, temperature, rainfall pattern, nature of the soil, etc. Physical characteristics describe the natural environment of the place and it could be detailed as below:
 1. physical features - are landforms and bodies of water
 2. weather - is how hot or cold and how wet or dry a place is
 3. climate - is the kind of weather a place has over a long period time
 4. soil - is the top layer of the Earth in which plants can grow
 5. minerals - natural substances, such as coal or gold, which are found in rock and in the ground
 6. vegetation - is plant life and there are different types of vegetation vary from place to place, such as, forest, grassland, tundra and desert
 7. animal life - includes all the large and small animals that live on Earth.

An assessment with regard to the physical attributes is important as it helps to have better understanding of the resources at stake to develop and nurture their entrepreneurial initiative. Further physical attributes also can be related to the logistics and transportation modes that are peculiarly available to a place. Also the network of intermediaries to reach the products and services for final consumption points are also essential.

- **Socio-Economic Attributes:** Socio-Economics is the social science that studies how economic activity affects social processes. In general it analyzes how societies progress, stagnate, or regress because of their local or regional economy, or the global economy. Socio-economic development is measured with indicators, such as GDP, life expectancy, literacy and levels of employment. Socio-economic attributes in the context of CBE model can be related to household income, educational attainment, occupation, neighborhood and association memberships. Also it can be contextualized by changes in less-tangible factors that are considered, such as personal dignity, freedom of association, personal safety and freedom from fear of physical harm, and the extent of participation in civil society.

3. Udupi Jasmine: A Case of Sustainable Community Based Enterprise (CBE)

The grassroots initiative in Udupi Jasmine is based on the CBE model among the producers that is the jasmine growers at the household levels; the buyers that is agents and traders at the village/region level; and wholesalers at the city and international level. It is even more fascinating as participation originally was religion-based with the producers and traders being Catholics and users being Hindus. For

seventy years, the production and selling of jasmine flowers has helped alleviate the whole region (about six villages and about 6,000 households) from extreme poverty and it has proved itself robust to recessions, political changes and technical advances. Additionally, a strong network of trust was established among the producers, agents and traders which underwrites the whole system and can be the poster child for social capital and CBE. Social capital, which is resource endowed by Udupi jasmine economy in rural coastal Karnataka, is the notion of people in the same area who are involved in repeated face-to-face interactions and where reputation is essential for continued participation (Coleman, 1990 Fukuyama, 1996). In such places, people develop high-level trust in their peers than those in positions of power. As Putnam (1993, 2000) has shown, geographical areas with higher social capital perform economically better. Peredo and Chrisman (2006) address the solidarity and willingness for collective action that is linked to social capital. Woolcock and Narayan (2000) argued that different combinations of bonding (intra-community ties) and bridging (extra-community networks) social capital can explain the success or failure of development. They argued that “the positive aspects of 'bonding' social capital in poor communities can be harnessed and its integrity retained (and, if necessary, its negative aspects dissipated), while simultaneously helping the poor gain access to formal institutions and a more diverse stock of “bridging social capital” (Woolcock & Narayan, 2000).

3.1 People

The growers maintain the jasmine bush at a height of about two to three feet and at about one to two feet perimeter. Every morning except during the monsoon season, the lower branches are cautiously lifted and water is sprayed by hand close to the trunk to the bush. Then each branch is inspected for tightly closed petals

of budding jasmine flowers of pure white colour which are plucked carefully. Each grower may pluck 200 to 700 such buds from each bush. The buds stay fresh for about three days when preserved in cool conditions. By 10 a.m. the chains of jasmine are tightly wrapped in banana leaves, and the chit of paper with the households name recording the number of buds (or length of chains) is attached to the package. This early end of the workday allows many growers to hold other jobs as the working day in India often starts after 10am.

The grower households are each connected to one of the agents of flower merchants who hire young boys from the villages to help them collect the flower buds packages left by the growers along the roadside at marked delivery points. The agents having gathered the bundles untie and re-bundle them into marketable chains of 800 buds. The agent keeps track of the buds received from each grower and ensures that correct payments are made to the households each Sunday. What is interesting to note is that when the agents untie the bundles they rarely check the number of flowers against the tag attached to the bundles. The chits are put aside in a desk drawer as the bundles are opened and retied, and the accounting is only done after the flowers are delivered to the traders. Time is of the essence in getting the flowers to the traders.

- **Technical Skills:** Jasmine buds are then tied together with thin strings made from leaves from the banana tree that is ubiquitous in this part of the country. The use of banana strings is important as cotton or nylon strings are not permissible in Hindu temples where the flowers are most often used. Therefore, the household prepares bundles of strings from the

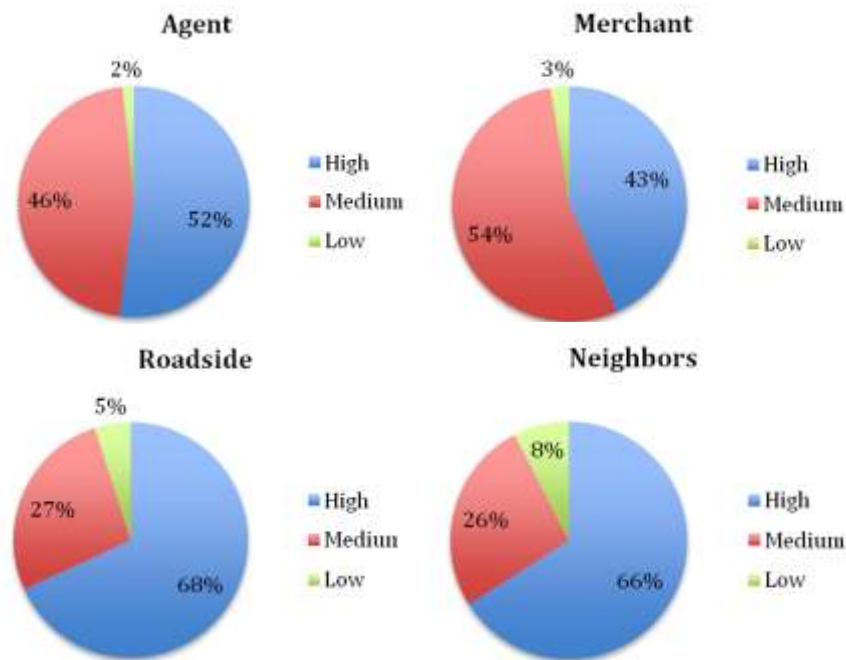
banana trees and keeps them ready for the morning. The tying of the jasmine buds is done to form a row, with 800 buds folded about 6 inches (18cm) of a jasmine chain each one is called 'chendu' (four chendu makes one 'atte' of 3200 flowers. This is yet another very labour intensive part of the production process done at the household level before getting the jasmine flowers to the market.

- **Social Skills:** Explanation in the previous paras gives the clear idea about main stakeholders involved: the jasmine growers, jasmine agents, flower-merchants. Social interaction among the stakeholders and protection of their interest is vital for continual success of CBE. As in the case of Udupi Jasmine a fair price determination for the growers is a key point in the sustainability of such a local market and the process is transparent in nature and widely communicated to all through various forms of communication channels. Furthermore, if there is a breach of confidence at the grower level (e.g. by cheating on the amount or quality of buds reported and delivered), no agent would be willing to collect the growers' flower buds, nor trader willing to buy this grower's production. Agents do not usurp growers from other agents, and similarly neither do traders usurp agents from other traders as the transactions are all transparent in the community. The traders having long standing wholesale buyer contacts also have no incentive to change their relationships at least on account of price which remains the same across the board. Hence effective social interactions between the stakeholders has created an environment of trust and confidence with each other that CBE of Udupi Jasmine has lead to its continuity over past few decades (Handy et.al,

2011). To assess whether or not trust is present in the community, we asked growers directly what level of trust they have with respect to other members of the jasmine CBE. The results are compelling and highlight ultimate success of the CBE, at least with respect to trust. The following high levels of trust were recorded: 92 per cent of growers trust their neighbors, the people with whom they interact the most; 98% of growers trust their agents; and 97 per cent of growers trust their merchants. (See Figure 2)

Figure 2: Level of Trust

What level of trust do you have with respect to the following:



¹ *Jasminum sambac*: Cultivation of this variety of jasmine, particularly prized for its delicate scent, started in Shankarapura in Udupi district about 75 years ago. It requires the red soil typical in this region and blooms year round. It was recently registered under Intellectual Property Right (IPR).

- **Place**

Jasmine is widely cultivated for its flowers, which are especially important in India for a variety of uses from the production of perfumes, incense and to use as decorations. A particular type of jasmine, the *Shankarpura mallige*¹ is especially prized in use by Hindus for weddings, holy days, and festivals. It is used as offerings in temples, in garlands for holy statues, as decoration-cum-deodorant in women's plait, and as garlands during wedding and social ceremonies. The jasmine is grown primarily in the *Shankarpura Region*² in Udupi district of coastal Karnataka. The typical nature of the soil in this region is apt for the growing the jasmine buds and the south-west monsoon pattern ideally suits the Jasmine flowers. Further the Government of India has given the official Geographical Indicator (GI) status for the variety of Jasmine grown in this region.

- **Physical Attributes:** During pre-independence days in India, the most fertile lands for agricultural production were held by the Hindus who formed the majority in this part of India. In the 1930s, the Catholic families who represented about 20-30 per cent of the population in the Shankarpura region owned very small pieces of infertile land and had trouble making living from agriculture. A local Catholic priest, in the 1930s cajoled his parishioners to turn their attention towards growing the jasmine since the nature of the soil and the climatic conditions perfectly suited for growing Jasmine flowers. Further, the flower was particularly prized in the local market and would be a good means for earning

²The mallige jasmine's growing zone - the Shankarpura region - includes the geographical areas of the following villages - Shirva, Innenje, Padu-and-Moodubelle, Kutyaar, Kalathur, Belman, Kinnigoli. The laterite soil of the region and monsoon rains provide the perfect environment for the crop.

livelihood. The success of the first few parishioners was contagious, and before long all his parishioners were growing the jasmine whereby each family grew anywhere from 5-50 bushes in the small plots surrounding their homes and on public lands adjacent to their homes.

Figure 3: Population Profile – Udupi district Jasmine Zone

Sl No	Name of Village	Total no. of households	Total population			Work participation rate	
			Total	Male	Female	Male	Female
1	Marne	238	1,169	557	612	56.2%	26.5%
2	Kurkalu	1,045	4,744	2,135	2,609	56.7%	29.4%
3	Belle	1,184	5,324	2,441	2,883	57.0%	46.9%
4	Kattingeri	527	2,332	1,033	1,299	57.5%	40.5%
5	Shirva	2,798	13,281	6,229	7,053	52.3%	32.6%
6	Heror	279	1,248	554	694	60.3%	56.9%
7	Paadoor	376	1,858	835	1,023	57.8%	46.0%
8	Majoor	336	1,822	856	966	57.4%	47.6%
9	Innenje	610	2,898	1,278	1,620	54.1%	37.6%
10	Pangala	438	1,948	903	1,045	60.2%	50.5%
11	Kalthur	640	3,058	1,343	1,715	50.5%	33.1%
12	Kuthyar	575	2,656	1,175	1,481	54.2%	37.4%
13	Pilar	824	3,391	1,455	1,936	50.8%	32.6%
14	Yellur	1,229	5,844	2,604	3,240	55.3%	41.7%
TOTAL		11,099	51,573	23,398	28,176		
AVERAGE		793	3,684	1,671	2,013	55.7%	39.9%

Source: Directorate of Census Operations, Karnataka

• **Socio-Economic Attributes**

The convincing strength of the system is that for nearly 70 years jasmine buds are sold on a daily basis. The people (growers, agents and traders) who are engaged in the process

demonstrate high level of trust both at the individual level as well as at the community level. The margin of profit for the traders of this 'upstream' part of the value chain (Porter, 1985) is publicly known and is a low fixed per centage. The social capital in these villages ensures that there is rarely any cheating at any point in the system. As discussed earlier the economic gains from cheating are small and the social costs are high. Furthermore, as the traders have long standing relations with their buyers (wholesalers), and buyers will not take products from competing traders, for the word gets around fast in this relatively small tightly knit group of six traders. All the stakeholders including growers, agents and traders in the Udupi Jasmine are economically empowered with trusted intermediary relationships and best utilization of the resources at hand. The Udupi Jasmine CBE has almost zero discrimination status in both social and economical attributes towards all its stakeholders (socio-economic profile of Udupi region described in Figure 3).

Conclusion

While the case of the Udupi jasmine of coastal Karnataka supports majorily principles elucidated by Peredo and Chrisman (2006). Also the proposed sustainable CBE model, in its adaptation to the Udupi Jasmine in Karnataka finds appropriately linked with the people and place attributes. The sole purpose for development among the community based enterprise in this region is economic empowerment and poverty alleviation (Narayan, 2002).

In the case of the Udupi jasmine, all leaders are local and all changes take place incrementally and indigenously. In this sense, there is no top-down external agent, on behalf of a NGO or government or World Bank, often a prescription for failure (Scott, 1998) but it is a

smaller group who manage on behalf of the people (Peredo & Chrisman, 2006). Furthermore, as Mansuri and Rao (2004) find in their review of the literature on community based development that there is a distinction between potentially benevolent forms of elite domination and more pernicious types of capture.

Therefore, while local villagers use their own (as well as public) land and cultivate their own bushes they are not owners of the programme nor are they organized, and really managed by anyone. Within the CBE there are many small mechanisms that give power to the growers (e.g. the trust based handling of the receipts) to prevent them to become 'exploited' by the owners (traders). Finally, there is absolutely no role for the government in the program but purely community driven initiative been in existence for over seven decade.

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