

Profit with Purpose: Innovations from the Global South

March 18, 2025 by [The Council on Business & Society](#)



The relationship between purpose and business has always been an evolving one. In today's world, we are witnessing a shift from the traditional view of profit maximisation to a more balanced approach that integrates purpose with profitability. Professor [Sourav Mukherji](#) from the [Indian Institute of Management Bangalore](#) exemplifies how purpose-driven organisations in the Global South are innovating new business models to align social impact with financial sustainability.

Profit with Purpose: Innovations from the Global South by Sourav Mukherji. Related Research: Arvind Eye, Narayana Heart, Selco, Phool: [Inclusive Business Models](#) by S. Mukherji, Cambridge University Press, 2022.

Short-Term Gains vs. Long-Term Purpose

Organisations have had a strange relationship with Purpose. Some scholars have argued that the only purpose of organisations is to maximise shareholders' wealth and any other purpose, if it exists, should be viewed as means to maximising profitability. Others have argued that profitability should

be a consequence of pursuing a worthy purpose, and shareholders are only one of the many stakeholders for which organisations need to create value.

The founder of one of the largest and oldest business groups in India, [Jamsetji Tata](#) (1) had said that the larger community is not just one of the stakeholders of business, but the very purpose of its existence. During the last 160 years of its existence, the Tata group has been a pioneer in taking active part in community development and nation building, even while it has remained highly profitable. Despite such inspirational examples, there exists a schism between purpose and profitability because many noble purposes such as reducing economic inequality or achieving environmental sustainability needs a long-term orientation, which might come at a cost of short-term profitability.

As a consequence, organisations have been broadly split into two types – the for-profit organisations whose primary purpose is profitability and the not-for-profits who can pursue noble or long-term purposes without worrying about profitability.

Rise of For-Profit Social Enterprises in the Global South

However, during the last 50 years, India, and many other countries from the Global South, have seen the rise of an interesting breed of organisations, the for-profit social enterprises, who seek a sweet spot between noble purpose and profitability through business model innovations. While they remain committed to making their organisations profitable, they maximise their purpose of positive social impact instead of maximising profits.

These organisations constantly experiment with various dimensions of their business models to solve a social problem, such as providing affordable healthcare or access to energy for the poor, in a financially sustainable manner. In India, hospitals such as [Aravind Eye](#) and [Narayana Heart](#) have evolved a model of cross-subsidy that ensures that their poor and uninsured patients receive free treatment from the surplus generated by treating their economically well-off and insured patients.

But how do they fight the market forces that would drive even their economically well-off patients to cheaper options where there are no cross-subsidy? This is done through innovations on the ground that leverage their resources much better, such as developing and deploying a large team of para-skilled professionals for routine tasks, so that their doctors only focus on critical and non-routine tasks. This makes such hospitals as price competitive as those who do not offer cross-subsidy. An additional advantage of providing cross-subsidy is achieving high economies of scale, which also enable these hospitals to get better deals from their suppliers, who they compensate on basis of usage rather than paying capital costs.

Since 1998, another organisation [Selco](#) has been providing solar lights to the poor in rural India that often remains cut off from electricity during large parts of the day. Selco sells solar lights to the poor, that would seem unaffordable, given their meagre income levels. But Selco figured out that a solar light can be an important source of income generation for its poor customers. It can extend the business hours of a restaurant owner or replace a polluting source of light such as kerosene for a push cart vendor. It worked with local banks to create a financial model such that the additional income or cost savings that can happen because of the solar light can pay off the mortgage in about a

couple of years. This had the additional benefit that after the loan is paid off, the solar light became an asset for the poor, which they could use to take additional loans from the bank.

Every day, millions of devotees throng more than half a million temples in India, offering their deities flowers and garlands. Since flowers have limited shelf-lives, India produces about 300 tons of flower waste every day creating severe challenges of disposal. [Phool](#) is an organisation that engages local communities in collecting flower waste and converting them to commercial products such as incense sticks, soaps, vegan leather, and biodegradable packaging. While it is well known that lots of money can be made from waste, it was viewed as a difficult and dirty business that impinged on the interests of corrupt municipal officials. However, it took the courage and ingenuity of a social entrepreneur to find a novel business model that reduced pollution, created livelihood and is financially profitable.

When Purpose Falters

None of these purpose-led business models happened easily. Their paths towards profitability were strewn with challenges and failures and it is a testament to the conviction, focus and resilience of these organisations that they were able to find that sweet spot of being committed to their social purpose and being profitable.

There are also examples of many business models where they have faltered on one of the two dimensions. For example, [Gyanshala](#), which deploys a novel model of providing affordable education to poor children through a combination of standardised design and para-skilled community teachers, remains far from achieving financial sustainability. And India's microlending industry provides many disheartening examples of purpose-dilution and exploitation of the poor in their effort of chasing profitability.

However, myriad examples from India and the Global South show that it is possible to create businesses that can pursue long-term social purpose without compromising their profitability objective. Though questions remain whether such purpose-led organisations can be scaled and made the new-normal.

Green Shoots of Hope



What implications does it have for the present context? First, the world faces some wicked problems such as inequality and climate crisis which, to solve, need organisations to adopt a long-term purpose orientation that moves beyond short-term profitability. We have realised painfully that solving such problems may even be sometimes at odds with the objective of profitability in the short term.

Business models of for-profit social enterprises are green shoots that tell us that if we are purpose-led, willing to experiment and be persistent, we may be able to find innovative business models that can achieve both – businesses that solve wicked problems even while being profitable. Second, annual surveys such as those done by Gallup reveal that there is a high degree of disengagement among employees in for-profit organisations.

Most employees do not feel inspired by their organisations and often develop a transactional relationship with organisations, which reveals the limitation of giving primacy to profitability. Organisations are possibly the most powerful forces driving progress of humanity and it is a tragedy if most employees feel disenchanting and resort to quiet quitting. One cannot de-emphasise the importance of profitability since it is a necessity for the sustenance of the organisation. Profitability is like the air we breathe, absolutely necessary for survival. But it will be disheartening to say that the purpose of our existence is to breathe oxygen.

Therefore, organisations must stand for a larger purpose that inspires, galvanises employees into giving their best. A wonderful example of this was [Grameen Danone's](#) (2) effort of making affordable yoghurt for the poor in Bangladesh. While the effort itself was a partial success, it created a renewed purpose for the organisation where employees queued up to be part of the project and to contribute, even though there were no personal gains.

The world has long realised the importance of purpose and how extraordinary things can be achieved through it. For organisations, the challenge has always been to balance it with profitability. Innovative business models of social enterprises give us direction and hope of how such a delicate balance can be achieved and thus solve some of humankind's toughest problems.

1. Tata Stories by Harish Bhat, Penguin Publishers, 2021
2. Regarding Grameen Danone: Creating a World without Poverty by M Yunus, PublicAffairs, 2007.