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Can Social Enterprises Achieve Resilience in Their Delivery of Public Services and What Are the Contingencies?

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Social Enterprise

Changes in the public service delivery and the rise of public service organisations (PSOs) (Osborne and Strokosch, 2013)

Social Enterprise (SE): the primacy of social aims and the employment of business approach (Peattie and Morley, 2008)



There has been strong support taking place in Scotland over the last decade (British Council, 2015).

“A full role in public service reform through a greater involvement in the design and delivery of services” and “sustainable economic growth” (Scottish Government, 2012).

“We will continue to encourage and support the delivery of specialised business support to enable social enterprise start-up, growth and resilience” (Scottish Government, 2016, p35).

Exploratory Interviews

Methodology tool: Semi-structured interviews

Interviewees: 19

Group	Scottish Government (GOV)	Local council/authority (LOC)	SE support bodies (SEU)	Member of Scottish Parliament (MSP)	Independent consultant (INP)	Third/voluntary sector umbrella organisation (TSU)
Number	5	5	5	1	1	2

Explored the perception and understanding of social enterprise, social enterprise resilience and social enterprise in public services delivery in Scotland

Exploratory Interviews

SE Perception:

Social mission, Business and trading activity

BUT interviewees from different groups have different perceptions and claims of social enterprise. There is a huge grey area about the business side.

“We are more interested in seeing more enterprising behaviours across the third sector” (GOV4).

“So I suppose for me as long as there is some trading activity and the benefit goes back into the cause and the values and ethos behind it is for a social enterprise model, then I will say it is a social enterprise. I probably don’t stick with what as those people say about over 50% of trading income or more. I suppose I see it a lot broader. I tend to look at the third sector in general not specifically social enterprise.” (TSU2)

“A very simple definition is that it’s a business which specifically delivers social or environmental purpose. So it’s set up to deliver that purpose...But in terms of trading we say we are very liberal and saying basically inspiring trading.” (SEU5)

SE Resilience:

Diverse understandings of resilient social enterprise, including **a)** ability to continue; **b)** ability to grow **c)** independence from grant funding; **d)** diversifying income source; **e)** having a reserve for business to carry on; **f)** a sustainable business; **g)** good leadership and good governance; **h)** paying living wage.

BUT expectations on better business performance

“I suspect they maybe hang longer because of the social mission... I would argue there is a potential drive by the nature of the sector which makes them more resilient or makes them appear more resilient. But whether that is real in terms of financial ability or anything else is debatable.” (SEU2)

Social Enterprise and Public Services:

-Recognition of social enterprise's role in addressing unmet service needs.

"My experience in several sites I've been to, which are social enterprises, delivering social services, is that they take a much more robust approach to really and truly genuine understanding of the needs of people, in their family, in the community they are trying to sort or they are trying to work on...So where public services aren't meeting the needs of people they are helping achieve a bit what Scotland people want to see." (GOV1)

BUT

- The awareness or understandings of social enterprise varied among local authorities;
- Lack of collaboration in local social enterprise development;
- Concern about social enterprises' capability in services delivery;
- Social enterprises' low engagement in public contracts.

Social Enterprise and Resilience

Social Enterprise

- Social enterprise's hybrid nature sustains its existence (Laville & Nyssens, 2001).

The hybrid nature makes it particularly challenging to manage a social enterprise (Borzaga & Solari, 2001) since little is known about the required management competencies (Peattie & Morley, 2008).

- The influence of environment causes the instability between its social purpose and economic success (Young, 2012; Young et al., 2012).

A significant lacuna in the study of long term dynamics of social enterprise and the influence of environment on its long term behaviours (Young, 2012; Young, Kerlin, Teasdale, & Soh, 2012).

Resilience

- The concept refers to how an ecosystem maintains its stable state and stable relationships with external environments for persistency (Burnard & Bhamra, 2011; Holling, 1973; Walker, Holling, Carpenter, & Kinzig, 2004).

- Organisational resilience refers to an organisation's responses to disturbances (Gallopin 2006), which reflects the ability to withstand disruptions as well as the capability to adapt to new environments (Starr et al., 2003; Crichton et al., 2009).

Research Questions

unsolved internal conflict and
uncertain interactions with
external environments

SOCIAL ENTERPRISE

RESILIENCE

stable state and stable
relationships with external
environments

1. How does the environment affect social enterprise's resilience?
2. What strategies does social enterprise adopt to achieve resilience and why?
3. Under what contingencies can social enterprise achieve resilience?

1. A multiple case study
2. Inductive approach
3. Semi-structured interviews, non-participatory observations and document analysis
4. Data analysis with NVivo

Case Studies

The four case social enterprises have similar social missions to enhance employability and empower the local community.

Name	No. of paid employee	Sector/activity	Year of establishment	Legal structure	Income sources
Art House	6	Creative industry, education, entertaining and retail	2012	Private limited company by guarantee	Funding grants, fees from various arts workshop and events, sales
Bistro Gallery	9	Hospitality, education and retail	1993 (trading 2012-2017)	Private limited company under a charity	Funding grants, fees from various arts workshop and events, sales
Business Park	over 200	Property maintenance, property management, conference, education, home care	1988	Private limited companies under a charity	Public sector contracts, private sector contracts, sales
Security & Pub	over 50	Security, hospitality and wine industry	2012	Community Interest Company (Private limited company by guarantee)	Public sector contracts, private sector contracts, third sector contracts, sales

Preliminary Findings 1

1. A divide in perception of social enterprise

**Social-mission
oriented**



**Economic-mission
oriented**



Preliminary Findings 1

1. A divide in perception of social enterprise

Social-mission
oriented



"We try to trade as a business but we are not because we are doing all the stuff for free. We determine not to...But we are not about the money and it's all about the people. So we have to find a gentle way making sure that we don't make change or lose that. But I always make sure I am here for the big." (Art House)

"So we had a lot of members who were employable, but just not given that first opportunity because hadn't been employed for so long or hadn't been in any employment. So the reason why Bistro Gallery was set up is twofold. One for progression and two the idea was that the social enterprise will support the charity so any profit from the social enterprise will go back to the charity...I think we won't be sustainable and we are not going to be totally away from funding. The reality is we have staff and that's a lot with the training programme" (Bistro Gallery)

Preliminary Findings 1

1. A divide in perception of social enterprise

My view is social enterprise, two words and enterprise is about business. You cannot have one without the other. A social enterprise doesn't have a business is not a social enterprise in my view. It needs to have the enterprise. There are a lot of organisations out there who call them social enterprises but they are not because they don't have the enterprise...The delivery of social goals and objectives is delivered higher up the ladder. (Business Park)

"Actually as a true social enterprise, the name is in the title, enterprise. It trades, generates profit, reinvests profit back in the social objectives. That is a true social enterprise. It's not a trading arm in the charity. It just happens to fit into that but not what it is. As I told, it is not a subsidised business, which is subsidised by grants, people's donations. I don't believe any of that. My belief is that it trades, makes profit, reinvests profit back in the social objectives...First and foremost, we do business." (Security & Pub)



Preliminary Findings 1

1. A divide in perception of social enterprise



There is one in Edinburgh at the moment. It's all over the news. It's fantastic. It's the best thing ever. When I started digging, it's actually a commercial business. They are using an aspect of, they are using homelessness to highlight business because they make donation or support to this. When you look at the actual percentages, it's a tiny percentage. (Art House)

As a social enterprise, Social Bite, that's so commercial. Certainly been there at his talk, because I just thought the majority of his staff. There was a small minority are actually homeless. And the rest are absolute professional. (Bistro Gallery)



However, I'm reluctant to call myself as a social enterprise because of the perception that the social enterprise sector has...So we are moving away from that and I'm trying to go back to the idea of thinking ourselves as a community business. Because we believe being a social enterprise is running the risk of damaging our brand...Social enterprise in general, unless our clients are very well informed, some say them a sector amateur, not opt to the job, not business focused. (Business Park).

We don't concentrate on it too much. We do want to think that we are the only SE in the private security industry. That's fine. Apart from that, I don't think people come and visit us because of what we did (Security & Pub).

Preliminary Findings 2

2. A divide in understanding of resilience

Resilience
of social
mission

It needs to be people resilient. The whole thing to me about resilience is that it needs to be self-sustainable with the opportunity to grow, with progression. Because actually you can't just sit there day in and day out. Because people change so you have to change. But you have to listen to them and be ahead of them. It's an interesting sort of dilemma. It needs to be resilient in these people and it needs to be resilient in its own financial controls. (Art House)

I think one of the very difficult things at the very beginning was that I have really emphasised the training part. It was so important, more important than the income generation. Because if we do not have a training programme, we have nothing... So if we don't have that, there is no more funding... We are still a commission business and we still have an income... I can't go to the funder and say could you give us that money? And they turn to say why you close two days a week? You could make that money yourself. So you have to try it. (Bistro Gallery)

Resilience
of
economic
mission

Our fundamental belief is that you cannot do what you do in the community unless you have a successful business. Without a successful business you can't do that stuff. Therefore your focus has to be on making a successful business (Business Park)

Resilience is how business continues in front of contingencies. So continue businesses even in the worst environments. And have enough money to be able to carry on. If everything goes wrong, what do we do and how long we can survive? (Security & Pub)

Preliminary Findings 3

3. Strategies to achieve resilience and diverse consequences

a) Internal tensions

What Angela has miraculously managed to do for 6 years is to coordinate this group of un-coordinating or uncoordinated people. And the strange other thing about them is the people that Art House is there to help and to support are the same people that are volunteering...The new infraction people with a possible couple of perceptions have not got that. And they, instead of maximising this force which is volunteer, they are almost cutting them out (Art House).

We are 7 days a week to make money. What is helpful is that additional staff can come three days a week so I can fill up trainers. But it's not often because we have business. We don't have a venue to deliver training...The challenge is that it needs to be more economic viable, not compromising the activity of trainee project. It's hard. It's hard for them. Sometimes I feel, not at a war but sometimes I feel that I'm here to protect trainee programme. And sometimes there would be tension between me and money making (Bistro Gallery).

b) Evolvement of social mission

We have the problem of recruiting and retaining staff in care home...People from care home need to self-organise everything out there but they couldn't do this. They need more organised job. We are looking for that and state it clearer in the advertisement. A more structured interview, asking why you want to do that job (Business Park).

I think even when Chris started it up, it was a security firm initially as I understand. The training part of it grew bigger and bigger. Then he realised that could be a good opportunity, the training side. So should the company focus on security or training? At the moment, we are doing both...We have to have good information to see how well are they doing? How well the catering, the training side was doing last year? You are measuring the costs particularly. (Security & Pub).

Protection of social mission (Battilana & Dorado, 2010; Phillips, 2006; Vickers & Lyon, 2014).

Does this strong organisational culture (Grönroos, 2011) help social enterprise to deliver the services for resilience or does it cover the importance of changing environment, blunt reaction (Lorsch, 1986) and undermine the “ability to adapt, innovate and grow” (Schein, 1991, p. 206)?

Multi-stakeholders – important resource providers (Freeman, 2010) and resource dependence (Pfeffer & Salancik, 2003).

Does this a “chameleon-like” characteristic (Seanor and Meaton, 2008) help social enterprise shape the environment for its own resilience (Teasdale, 2010) or does it drifting?

Social enterprise at institutional level – An institutional cipher or a concept for legitimacy?

Thank you!

Q&A