A strategic perspective of social enterprise sustainability

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A strategic perspective of social enterprise sustainability

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In a constrained environment, social enterprise sustainability is trapped in a 'survival and maintenance' mode characterised by obscurity. The purpose of this paper is to explore the phenomenon of sustainability from a strategic perspective by looking at two case studies that managed to thrive and grow. Drawing on 11 in-depth interviews, the paper explores how the phenomenon plays out and how strategic practices are carried out in their local exchange contexts, rising above mundane challenges, and ending up improving the economic and social capacities of their communities. The paper contends that social enterprise sustainability is grounded in understanding the impact of contextual, organisational and individual spheres that correspond to three strategic ex-ante enablers: stakeholder orientation, relationship-oriented organisation, and entrepreneurial behaviour; all of which have had valuable contributions towards the upkeep of the enterprise. The study demonstrates that sustainability of social enterprises in a constrained environment is a function of a continuous entrepreneurial activity and the effective use of social and business models. Beyond its direct contribution to the literature on social enterprise in developing countries, the paper offers a practical framework that underlines the dynamism of a sustainable social enterprise while emphasising key managerial and marketing concepts. It concludes with a number of recommendations for policy and practice as to how to enhance the contribution of management and marketing concepts to sustainable social enterprises.

**Introduction**

A social enterprise is an organisation mindful of the challenges of sustainable societal development by downplaying economic and political challenges while maintaining good financial performance. Social enterprises grew from the merging of the private sector with the public and social sectors (Shuayto and Miklovich, 2014): an integration of social purpose with business methods (Moizer and Tracey, 2010). In Palestine, sustainable social enterprises are necessary to solve the central problem of Palestinians’ survival; that is, looking for ways for nearly 4.5 million Palestinians to survive and flourish in a land characterised by lack of access to resources, harsh economic conditions, and a dim political outlook (PCBS, 2011). The economy of Palestine is considered a developing one with its roots in agriculture and fisheries, services sector, and construction. The economy took form only after the establishment of the Palestinian Authority as a result of the signing of the Oslo Agreement, and ever...
since growth in the Palestinian economy was mainly attributed to near-consistent foreign aid (Sabella et al., 2014). As a result of the ongoing occupation, the Palestinian economy continues to operate much below potential with unemployment stubbornly remaining high, hovering around 26% in 2015, and poverty and food insecurity posing a serious threat. Against this backdrop, this study contributes to strengthening the literature on sustainable social enterprises specifically in developing countries and to highlight the role of social enterprises in fighting economic and social disorders. To fulfill their social mission, social enterprises are increasingly applying various strategic and managerial practices that help ensure long-term sustainability. While sustainability is often a core component of social enterprise policy, there is limited, critical debate on how to achieve sustainability given the dynamic nature of social enterprises. Most literature has focused on: defining the concept and evolution of social enterprise (e.g. Teasdale, 2012; Brouard and Larivet, 2010; Di Domenico et al., 2009; Williams, 2007; Dees, 1998; Kanter and Purrington, 1998); comparing social enterprises with other forms of organisation (e.g. Trivedi and Stokols, 2011); separating social enterprise from social entrepreneurial activity (e.g. Luke and Chu, 2013); business methods used by social enterprises (e.g. Shua yo and Miklovich, 2014) and ethical perspectives of social enterprises (e.g. Doyle, 2013; Mair and Marti, 2006). In this regard, this study explores the phenomenon of a social enterprise – its dynamic nature, evolution, and progress – from a strategic perspective and how in turn strategic managerial determinants and dimensions contribute to the enterprise’s sustainability. Hence, the study attempts to answer the following research question:

How does a social enterprise operate in a constrained context to ensure organisational sustainability?

The paper concludes by offering a practical framework of strategic and managerial concepts that contributes to the broad nature of sustainability; it stresses the critical and practical conceptualisation and understanding by entrepreneurs and managers in social enterprises of the dynamism of various drivers that would ultimately warrant social and financial sustainability. The next section reviews the literature in relation to the research question. This is followed by the research methodology which includes two case studies, and a discussion of the findings including the development of a theoretical framework highlighting the strategic dimensions that merit sustainability.

Theoretical background

While the concept of a social enterprise was established over a decade ago (Dart, 2004a), literature on the concept is still developing. Definitions of social enterprises have ranged depending on their application and use in different parts of the world. For example, social enterprises were referred to as earned income strategies by not-for-profits (Dees, 1998); voluntary-based organisations in the business of offering public services (Di Domenico et al., 2009); collective organisations pursuing social and economic goals (Defourny and Nyssens, 2008); profit-seeking businesses with strong presence in the public
welfare fields (Kanter and Purrington, 1998) or with a social conscience (Harding, 2004); and community enterprises dealing with social problems (Williams, 2007). These definitions share two basic characteristics: the supremacy of social aims and the fundamentality of revenue generation (Peattie and Morley, 2008). For the purpose of this research, the following definition is adopted: social enterprises are organisations seeking to achieve social goals through the application of commercial and business-like activities.

Emerging from a not-for-profit background (Dart, 2004a), social enterprises differ from traditional not-for-profit organisations in their application of business-like models to social issues. This includes practices like revenue generation, market, client and commercial focus, as well as self-funding operations (Dart, 2004b) with a focus on effectiveness and efficiency to help establish social and economic legitimacy – a new form of management so-called ‘social management’ (Hood, 1991). In describing the emergence of social enterprises, Teasdale (2012) provides four theoretical approaches: first, the failure of the state and the market to provide goods and social insurance (Spear, 2001); second, the reduction in government funding prompted intense competition for donations (Eikenberry, 2009), thereby stressing the adoption of earned income approaches to obtain commercial revenue; third, institutional theory which underlines the adoption of dominant practices in the field as portrayed by society’s fixation with business ideologies (Dart, 2004b); fourth is voluntary failure – also an extension of institutional theory – which describes the imbalance between state and not-for-profit organisations, thus explaining the increased dependency on the latter for addressing social problems and on the former for progressive funding. Undeniably, social enterprises are involved in delivering key services to deprived communities (Harding, 2004), by contributing to the development of social capital as well as deploying innovative ways to social problems that traditional public and community organisations fail to resolve (Moizer and Tracey, 2010).

Contextualising organisational sustainability within the social enterprise field

Theoretical perspectives on the process of sustainability in social and not-for-profit enterprises range from a simple conceptualisation in which sustainability is referred to as ensuring the existence of the organisation while maintaining its services, to a deeper notion that sustainability is ‘a way of life’ (e.g. Okorley and Nkumah, 2012; Bagnoli and Megali, 2009). The latter perspective suggests a multidimensional and multifaceted practice. For example, the Triple Bottom Line (TBL) – coined by Elkington (1997) – view of sustainability includes social, economic and environmental attributes (Peredo and Mclean, 2006). Few studies have reflected on the context realm while trying to address what a social enterprise is; as such, social enterprises were defined based on their relationships with contextual dimensions to the degree at which the context contributes to their growth and sustainability: various sustainability formats were presented including entrepreneurial sustainability (e.g. Huckle, 2006); economic sustainability (e.g. Alter, 2007); social sustainability (e.g. Hood, 1991). Similarly, literature focusing on the
internal drivers of sustainability in the social enterprise field is inadequate: Okorley and Nkrumah (2012) postulate that several internal drivers affect organisational sustainability (e.g. human resource management particularly leadership, and general management of funds and material resources), and press for more insightful research conducted in these areas. This paper seeks to redress the current gap in the literature at two levels: first, by addressing contextual dynamics and dimensions that optimally contribute to the understanding of the broad nature and prerequisites of social enterprise sustainability; and second, by adopting a pragmatic approach that examines three interrelated enablers in a cascading fashion – namely the context, the organisation, and the individual – thus moving away from mainstream research that depended primarily on ‘static’ models to determine the elements of social enterprise sustainability.

**Enablers at the context level**

The process by which a social enterprise identifies and manages the political, social, and economic context it is in, plays an essential part in facilitating the creation of a supportive framework amenable to its emergence and growth (Shaw and Carter, 2007). The Scottish Social Enterprise Coalition (2010) cited in Whitelaw (2012) recognises external contextual enablers as being ‘high-level drivers’ for social enterprise development. Therefore, factors such as the community’s capacity and engagement levels affect, to a large extent, the overall internal capacity of the organisation, and its chances for improved performance and success.

Social capital has been identified as an underlying principle in the formula of social enterprise sustainability. This is achieved through building and developing social networks and institutionalising social values and principles, which are used in combating many of the social disorders and as a basis for enterprise sustainability (Oberoi, 2014; Bagnoli and Megali, 2009; Fukuyama, 2002; Lin, 1999; Coleman, 1988). In the process of developing social capital or ‘cohesion with community’ (e.g. Skerratt, 2012; 2013), everyone is a player: volunteers, donors, funding agencies, and community members all provide support and core services. Social capital has an intangible distinct nature and varies by an organisation’s capacity to attract and develop productive and strong connections with its social marketplace.

Putnam (2001) offers a relatively different conceptualisation: social capital is viewed as a set of networks, social norms, values, trust, relationships, and alignment with social cohesion and civic engagement; at bottom, social capital is seen as a combination of human capital and networks (e.g. strategic partnerships) of key institutions and other community constituents. Skerratt (2012) views social capital as encompassing two broad types, bridging (e.g. networking) and political (e.g. social legitimacy) social capital. Social capital in this sense lures social enterprises to work within context while simultaneously adapting and evolving beyond context; a situation where social enterprises navigate local, regional or extra-local connections in hopes of encouraging and creating new modes of networking interventions. This situation, according to Huybrechts and Nicholls (2013), requires that social enterprises obtain
substantial levels of social acceptance (social legitimacy) in the form of social knowledge, learning, social networks, and human capital.

**Enablers at the organisational level**

From a grounded theory perspective, social enterprise sustainability depends on internal organisational dynamism as much as it is influenced by contextual dynamics. The literature offers a wide range of organisational enablers with varying degrees of significance. Determining how social enterprises articulate their formal vision and strategies for the future is argued to be a major reason for sustainability (Bull and Crompton, 2006). Given its distinctive feature, that is operating with a social mission, building and developing the capacity of the enterprise is fundamental for its survival and growth. Capacity building involves the development of skills, resources and appropriate structures. The essential skills needed at this level are leadership, partnership building, human development and resource allocation, all of which lead to organisational development (Peredo and Chrisman, 2006). Accordingly, building the internal capacity of the social enterprise becomes the venue for value creation in social, economic and environmental spheres (Whitelaw, 2012).

Financial enablers are also fundamental for the continuity of the social enterprise’s existence, all the more so in the early stages of the enterprise where timely and appropriate funding is needed (Harding, 2007). Within this sphere, two basic forms of economic funding are present. First, external funding includes grants, subsidies, donations and sponsorships. Second, is revenue generation; although not limited to commercial trade activities as some researchers argue, social enterprises may adopt business-like or non-business-like revenue generation approaches such as needs-based and demand-driven projects (e.g. Okorley and Nkrumah, 2012; Harding, 2007). In the same vein, Contl (2002) contends that social enterprises should adopt mainstream business practices and business-like management and financial tools (e.g. technology oriented capacity building, contingency management practices, and marketing communication) while balancing the enterprise’s objectives and social legitimacy. Moreover, an evolving organisational culture based on learning and cooperation sets the tone for a more sustainable future of the social enterprise. This culture requires a coherent, cooperative, extremely enthusiastic and committed team (Mason and Royce, 2007), which begins with attracting and retaining a work force based on a set of behavioural and performance dimensions of social giving, empathy, cooperation, sincerity and loyalty. The ability of the social enterprise to creatively identify and react to social issues (Sharir and Lerner, 2006) is found in fomenting a culture where employees’ positive attitudes towards knowledge creation and sharing become solid enablers, warranting sustainability (Bull and Crompton, 2006).

**Enablers at the ‘social entrepreneur’ level**

Can there be a social enterprise without a social entrepreneur? Within the school of thought of ‘Social Innovation’, it is the social entrepreneur, who is viewed as indispensable, rather than the form of the enterprise (Tan et al., 2005). As such Yunus (2011) cited in Basu and Sharma (2014) argues that
social entrepreneurs are individuals who possess a variety of skills: for example, they empathise, enthuse, enable, empower, advocate, and mediate. The position reached by authors like Leadbeater (1997; 2007), Dees (1998), and later by Martin and Osberg (2007) view social entrepreneurs as developing and adopting a mission to create and sustain social value for those who are underserved or neglected, recognising and pursuing opportunities to serve that mission, engaging in a process of continuous innovation, adaptation and learning, acting boldly, and exhibiting a heightened sense of accountability. From a process perspective, however, Sykes cited in Thompson (2002) conceptualised a three-stage entrepreneur process – later extended into four by Thompson (2002); nevertheless, there are cases where these roles were split and shared with other people in the enterprise. The roles are envisioning (identifying a need, gap and opportunity), engaging (doing something with respect to the opportunity), enabling (mobilise people and allocate the required resources such as capital), and enacting (seeing the entire initiative through).

Building on previous works with regards to risk propensity (e.g. Stewart and Roth, 2001), motivation (e.g. Stewart and Roth, 2007), and personality (e.g. Begley and Boyd, 1987) of entrepreneurs, Mathias and Williams’ (2014) study comes at a time where research has not fully looked within individuals in order to compare role identity variations and their impact on how entrepreneurs think and act; they found that a dominant (entrepreneurial) role takes precedence over other non-dominant (managerial and investor) role identities and was more likely to be activated. However, in accord with prior research (e.g. Cardon, et al., 2005), Mathias and Williams (2014) emphasise that over time founders may find themselves spending more and more time in non-entrepreneurial roles. For instance, as organisations grow, founders are spending more time on managerial behaviours related to operating the business day after day rather than acting as social entrepreneurs. This may link to the objective of the social entrepreneur to provide sustainable solutions which are normally embedded in social systems (Santos, 2012). To properly distinguish between a social entrepreneur and economic entrepreneur (opportunity-seeking and profit-maximising entrepreneur), the key consideration should be embedded in the behaviourial aspect of a social entrepreneur. Hernandez (2008) argues that stewardship behaviour differentiates a social entrepreneur from an economic entrepreneur. It is thought of as a set of attitudes and behaviours that place the long-term best interests of a group ahead of personal goals – a precondition for sustainability. For example, stewardship behaviour of social entrepreneurs conveys a sense of service, responsibility and partnership (Block, 1993); a behaviour often embedded in the value system of a sustainable social enterprise.

Table 1 below outlines the three enablers associated with promoting and supporting the sustainability of social enterprises.

### Research method

This study utilised a qualitative design to answer its research question. Three reasons informed this decision. First, the exploratory nature of the study
requires reflective understanding of the practices and processes used by social enterprises that ensure their sustainability in a constrained environment, particularly by focusing on the naturalistic, real-life settings of the present research (Patton, 2009). Second, the qualitative approach will enable the researchers to identify and incorporate the differing views and perceptions of key informants. Finally, this specific approach allows for the construction of a conceptual understanding based on empirical evidence. More specifically, the current study uses the multiple case study approach because of its ability to empirically explore the emergent phenomenon of social enterprise sustainability and to produce valuable knowledge that establishes a strong foundation for future research.

Two case studies were chosen out of an initial sampling frame of 12 social enterprises located in the Ramallah Governorate in Palestine. This choice reflected a conscious and purposeful decision to ensure that resemblance in perceptions and behaviours of informants are obtained, which will in turn increase the explanatory power and generalisability of the data collection process (Miles and Huberman, 1994; Yin, 2003). The selection criteria were based on sector and form of enterprises, with a perspective on the provision of detailed information regarding factors and processes supporting sustainability paths. Both cases satisfy and embody two principle conditions of a social enterprise.

<table>
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<tr>
<th>Level</th>
<th>Enablers to enterprise sustainability</th>
<th>Propounders/authorship</th>
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<tbody>
<tr>
<td>Contextual</td>
<td>Social capital (e.g. the establishment of networks and the upholding of organisational legitimacy from political and social standpoints) is viewed as rudimentary as well as the foundation upon which social disorders are reduced and sustainability is achieved.</td>
<td>Oberoi, 2014; Bagnoli and Megali, 2009; Fukuyama, 2002; Lin, 1999; Coleman, 1988</td>
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<tr>
<td>Organisational</td>
<td>Capacity building of people and resources is fundamental for the enterprise growth and survival. Business-like practices which ensure the certitude and continuity of the enterprise from a financial standpoint. Learning culture and autonomous structure that allow for cooperation among people within the realm of the enterprise will mitigate many of the challenges and risks facing the enterprise; thus a more resilient enterprise.</td>
<td>Bull and Crompton, 2006; Peredo and Chrisman, 2006; Whitelaw, 2012 Harding, 2007; Okorley and Nkrumah, 2012 Mason and Royce, 2007; Sharir and Lerner, 2006</td>
</tr>
<tr>
<td>Individual</td>
<td>Social entrepreneurship where individuals (founders of the enterprise) are seen as pursuing and tackling social problems using creative solutions. Stewardship behaviour embedded in the adoption of a social mission to create and sustain social value as well as conveying a sense of service and responsibility.</td>
<td>Tan et al., 2005; Zahra et al., 2009 Hernandez, 2008; Block, 1993</td>
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enterprise: (a) having a social purpose, and (b) operating in a business-like (for-profit) model. Another decisive criterion is endurability, represented by the number of years in operation: the chosen cases have been operating for more than seven years. In-depth semi-structured interviews were conducted with a total of 11 informants (founders, co-founders, and managing directors) in both organisations. An interview guide was developed beforehand to provide structure to the interviews; the interview guide was based on the three key areas found in the previous section, namely contextual, organisational, and individual levels. The interviews were supplemented with further documentary analysis of internal documents from these social enterprises. The interviews explored perceptions relating to practices and processes of sustainability and their application to social enterprises. The majority of interviews lasted between one and two hours. All interviews were tape-recorded, complemented with note-taking, and then transcribed for analysis. Initially, the data were sorted into general categories, where large chunks of data were grouped under these categories; a process that allowed the researchers to analyse and code these categories sentence-by-sentence to identify the relevant emphases and how they relate to those broad issues identified earlier in the theoretical background. The generation of codes was based first on the data itself and second on the literature, rather than specified at the outset from the review of the literature. This mechanism has allowed the researchers to ground their codes within the data; after identifying the codes, relevant insights from the literature were brought forward in an effort to highlight specific associations. Examples of the codes that occurred throughout data analysis included ‘targeted beneficiaries’, ‘participatory approach’, ‘internal revenue generation streams’, ‘social goals’, ‘strategic direction’, ‘value’, and ‘engage’. Furthermore, organisation-specific documents were later used as a basis for comparison between what was articulated during the interviews and what is taking place in practice. Although, the findings offer an original and fresh perspective on the practices and processes in social enterprises and how they contribute to sustainability in environments characterised by serious limitations, further work is needed to validate their full generalisability.

Enterprise profile

Rozana Association (‘rozana’ a Persian word meaning an opening in a building that allows air and sunlight to enter) founded in 2006, focused on promoting sustainable rural development in the town of Birzeit and surrounding areas. By building on the community’s competencies and leveraging available resources, Rozana was successful in developing new projects that helped create new jobs and fostered hope for a better life in a town suffering from a protracted decline in morale. The work of the association revolves around five main areas: architectural heritage, trails and tours, capacity-building, networks and partnerships, and cultural events. Rozana’s priority was felt throughout its continuous efforts to rebuild and bring life back to Birzeit’s old city heritage; an approach currently imitated by other surrounding villages. Rozana’s unique niche in rural tourism by designing paths and tours
(e.g. Sufi Trails, Abraham Path) had a very positive impact on the local economy of the community. This would not have been achieved without the support of a network of various experiential operators and NGO tourism providers; as a result Rozana established the Network for Experiential Palestinian Tourism Organizations (NEPTO).

Olive Branch Foundation, originally called Olive Branch Fund, was founded in 2001 with the goal of providing and sustaining economic support to the inhabitants of Taybeh village whose suffering is the result of dire political and economic conditions. Known for its production of olive oil, the foundation, soon after its establishment, has managed to sign a fair trade agreement between Taybeh and Alter Eco in France whereby Taybeh’s oil production is sold in France and warrants a fair price for producers. This project was accompanied by the building of a new olive press to enhance the quality of olive oil. In November 2004, the foundation launched an international appeal for peace; an initiative that created jobs for more than 14 locals and resulted in selling 100,000 peace lamps throughout the world. In addition, stores were opened in neighbouring cities to sell a variety of products (mainly by-products of olive oil) produced by the citizens of Taybeh. Out of its concern towards the inhabitants, a home for the elderly was built (Beit Afram) in Taybeh Village. Ultimately, stemming from its sincere responsibility to fight social and economic disorders, the work of the foundation is evidence of the business practices used to serve a social purpose.

Findings and discussion

The findings and discussion in the following sections constitute a reflective process on the views of key informants in this study. Initially, the two enterprises have embodied a number of core positive and ethical values, which explain their prevalent leadership orientation and the enterprises’ behaviour from both perspectives – internal and external. However, as one might expect, the task or process of developing and sustaining an enterprise is not a straightforward one nor free of prejudice, entangled in meeting calculable and premeditated targets. The findings have revealed the great complexity of the interplay among various dimensions of the enterprise as well as among the determinants of sustainability: a process characterised by a series of fortuitous combinations of actions, which is captured in the following quote:

*We don’t believe organizational sustainability is achieved merely by meeting the economic targets of the enterprise, but rather through a participatory sometimes random process where the entire community works toward achieving a positive social change congruent with our organization’s aims.*

(R1)

With this knowledge in mind, various relational aspects and networks of political, social and economic, internal and external interrelationships run and determine the evolutionary success of the enterprise. On the surface, three major themes – consistent with the previously described enablers relating to the individual, organisation, and context – were identified as the best descriptors of sustainability in these organisations: stakeholder orientation,
relationship-oriented organisation, and entrepreneurial leadership. These descriptors have significant implications both for the adoption of strategic management and marketing practices within social enterprises, if it is to contribute to their long-term sustainability. Adopting a transactional approach derived from the management of manufactured products is not going to be enough. Rather the emphasis must be upon the management of a wide assortment of relationships that has emerged in the services sector, which emphasise certain approaches and managerial practices that help the enterprise cultivate enduring profitable relationships.

Figure 1 provides a framework highlighting some normative pointers towards enhancing social enterprise sustainability in a constrained context. It is not a straightforward mechanism but rather an unreserved elaboration of various dimensions that validate social enterprise sustainability within a dynamic and strategic sphere. As a matter of course, a number of ideas are insightfully captured within each major theme, thus exacerbating the notion of dynamism and complexity of enterprise sustainability.

A working definition

Based on the views of the informants, a social enterprise has two constructs. First, the process of harnessing the full potential of business (for-profit) methods or practices to achieve financial and social goals; a process that often denotes a business enterprise construct. It is this particular construct that determines and ensures the financial viability and development of certain programmes within the context of a social enterprise. Business-like activities such as the provision of goods and services involving financial and commer-
cial and sometimes industrial aspects allow for better alignment with collective goals and strong linkages with the external environment. Second is a social construct: at the heart of a social enterprise is a social value that guides and embodies its work from inception to culmination. This construct relates to how an enterprise captures value from the community and how this value is communicated back to the community after being utilised, materialised, and amplified. The interaction mainly characterised by the mere exchange of value between the enterprise and the community denotes this process a social one.

To this end, based on the interpretations of the informants’ views, a social enterprise:

... is a rational outcome of existing organizations, one step further in their intelligent logic. The prerequisites for a social enterprise are a very socially oriented goals, great care and liberality in the business practices it uses. Transforming and eradicating social problems are its highest inspirations.

(R1–6 & O1–5)

The above definition offers an exploratory contribution to the literature on social enterprise by suggesting that managers in social enterprises can utilise various managerial concepts and approaches in a systematic fashion founded on values of participation and involvement from all. This is an important direction for future research.

Stakeholder orientation

Emerging as a socio-political process, stakeholder orientation came forward as a critical dimension in sustaining the social enterprise, which Freeman (1984: p. 13) defined as 'those groups without whose support the organisation would cease to exist'. In this respect, the findings have revealed four congruent themes.

Legitimacy as defined in ‘a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions’ (Suchman, 1995: p. 574). Both enterprises felt a strong need for an interminable interaction with the community in which they operate; they were interested in exploring the values and beliefs of their target groups regarding appropriate social and business conduct, which increases the chances to meet the needs and expectations of the community, and ultimately maintains legitimacy in the public eye. Accordingly, establishing legitimacy was an important milestone, as commented by informants:

Our major challenge was in seeking a positive and solid relational record and also to gain community support and trust. Most of the civil community had antagonistic perspectives about the not-for-profit sector that operated for more than twenty years in the country; they felt exploited by such organizations. Therefore we engaged the society from day one to make them aware of how our organization is acting in transparent fashion...this helped us gain community support. (R1)

From a very early stage, we sought to have a regular interaction with our community. (O3)
To maintain their legitimacy, both enterprises have emphasised the importance of social engagement as a means to reduce the psychological and physical distance of stakeholders from the enterprise. According to Greenwood (2007), the more the enterprise engages with its stakeholders, the more it is responsible and accountable. For example, a key value at Rozana enterprise is to showcase their ideas and thoughts of potential projects to a large number of stakeholders who will provide their own reactions and assessment. Similarly, Olive Branch Foundation maintained that ideas for particular projects are merely the starting point for engaging the community; however, real engagement comes from holding the community itself responsible for its own actions and development, as one manager put it:

social engagement is at the heart of what we do and how we do it… listening to our community, respecting their needs, working for them, leading their work, engaging them and managing interests fairly and ethically. (O4)

Value creation and social capital, although different, are closely related features of one idea that sprung out of the enterprises’ resolute beliefs in truthful stakeholder engagement. Whereas value creation is seen as an end to strenuous social engagement, social capital is best characterised by a ‘logical circulatory’ which views social capital outcome as the result of its causes (Portes, 2000). The building of teams, partnerships, and networks are most obvious in depicting how these two enterprises create and maintain value and social capital. As regards, the following comments were put forth:

We initiated and joined unions and partnerships interested in rural tourism and community development such as NEPTO among other large scale networks that encompassed various strategic and periphery partners. (R1)

The above discussion highlights a major theoretical contribution of this paper. It confirms the applicability of specific management practices and concepts established in business-to-business and business-to-consumer relationships as a result of their ability to ensure sustainability.

A relationship-oriented enterprise

Several studies have advocated for a relationship-oriented organisation being a more rigorous mechanism for promoting strategic thinking that instills long and medium term decisions (e.g. Hunt and Derozier, 2004; Peelen, 2005) and for emphasising organisational activities aimed at enhancing organisational effectiveness and efficiency. In this respect, ‘what’ and ‘how’ work is done in both enterprises, as evident in their reliance on the interaction between their organisations and the community at large, is a signpost of a business model interweaving strategic and operational dynamics into a synergetic whole. This special characteristic feature of these enterprises is supported by Peelen (2005) stating that the cultivation and optimisation of trust and commitment between the enterprise and its customers can ensure the continuation of the enterprise as well as its development over the long-run. Both enterprises, as a matter of investigation, have exhibited their utmost consent and certitude to building long-lasting relationships with their partners on the premises of
commitment, attraction, satisfaction and trust. For them, this is the pinnacle of sustainability:

*It’s about the shared experience, if the community is deprived of participating, how could we claim to pursue community development . . . for us sustainability is a function of the relentless pursuit of community development.* (R1)

* . . . maintaining cross-sectional collaborations while enacting and receiving continuous trust and support from disadvantaged groups and deepening a culture of ownership are among our core objectives.* (O2)

Within this sphere of a relationship-oriented enterprise, three major sub-themes were bound to occur. First is community development, which for these two organisations means the purpose behind their existence. According to the informants, the implication of this recognition extends well beyond bridging social gaps or achieving communal economic goals. It is transforming people’s attitude from a state characterised by passive participation to a state of active engagement.

* . . . tourism is an economic and community development tool that should be owned by everyone.* (R6)

*We avoid working in vacuum, because we believe in engaging all constituents of a community to plan, implement and evaluate our work.* (O5)

Second is organisational culture, which Schein (2010) defines as the basic assumptions and beliefs shared by members of an organisation. The studied cases revealed that a culture of ownership and learning is grounded in these two organisations; values such as fairness, openness, diversity, initiative, giving, nationalism and creativity which Sharir and Lerner (2006) identify as principles to achieve organisational goals and mission were expressed by the informants:

*Fortunately enough, titles like general director, assistant, coordinator are omitted . . . we value each participant’s character, identity and oneself . . . some work as team leaders and handle multiple assignments simultaneously because of the prevalent culture in the organization.* (R6)

*Everyone has a role in this organization that can be either explicitly stated or discretionary chosen by partners and organizational members.* (O3)

The third sub-theme, a major and unique hallmark of the studied cases, is the utilisation of fermented and unconventional practices, based on a hybrid knowledge of business and value chain models found in not-for-profit and business organisations; they both exhibited a management style and approach that correspond to what was termed by Hood (1991) as ‘social management’. For example a practice referred to as the ‘social marketing concept’ is recognised in the following comment:

*We produce 100% farm and original products, made of locally produced ingredients, employing micro and small family businesses. Products are later sold on the principles of fair trade and fair wage.* (O4)
Moreover, except for minor differences in their approach, respondents from both enterprises have indicated that traditional and contemporary methods of communication (e.g. promotion and advertising) are used in promoting specific programmes, seeking community support and engagement, and creating physical space for the intangible services they offer.

We depend heavily on social media to promote our achievements and inform the society of their expected role and support . . . we created our own website which now attracts more than 100,000 subscribers, an active Facebook account, and a LinkedIn account. . . . we issue a weekly newsletter . . . we actively participate in fairs and expositions held locally and regionally to promote and sell our products. (O1 & O5)

This section offers another exploratory contribution in line with both management and marketing literature, suggesting that managers in social enterprises can apply marketing approaches and that this application would be enhanced by an explicit orientation towards this field of knowledge, particularly in relation to general management practices and relationship marketing.

**Entrepreneurial behaviour**

The work of both enterprises emanates from the founders’ true sense of obligation towards their communities and strong belief in their ability to change and transform the society for the better. Two major characteristics were evident: a heightened sense of alertness to opportunities, and qualities of transformational leadership. The findings in this section agree with those of Tan et al. (2005): in both cases the so-called social entrepreneur acts in an altruistic nature guided by the present and future benefits captured by the community.

Alertness to opportunities, an important characteristic of entrepreneurs according to Kirzner (1973), captures and explains how these social enterprises came to be. In this sense, it is the social entrepreneur’s understanding of current social and economic conditions that drives his or her entrepreneurial process of opportunity identification or recognition (Shane and Venkataraman, 2000; Shane, 2000; Eckhardt and Shane, 2003). Both founders were depicted as building mental models of the societies they live in using alertness, thus directing their attention and efforts towards a specific line of action (e.g. social change) and helping them interpret this information in atypical ways.

I recognised that there exists an old and marginalised historic small town that has the potential to attract tourists but requires reconstruction while maintaining its heritage and legacy . . . the existence of Birzeit University as a place to access volunteers, tourists, professionals and support groups . . . the emergence of supportive networks and partnerships. (R1)

Exporting Olive Oil was not an area of my expertise . . . but we did it and we did it successfully. (O1)

Both leaders were practicing a leadership style in which they put passion and energy into everything they do. A transformational leadership – a concept
dubbed by Burns (1978) and later extended by Bass (1990), characterises to a large degree, the work carried out by the founders of these enterprises. Negative views held by different constituents as well as low levels of motivation toward tackling economic and social problems encountered in their context have changed enormously. Witnessing the enterprises’ achievements in terms of colliding efforts, beliefs, motivation and competencies of the different groups of stakeholders who were directly affected by and involved in the work, have paved the way for a mutual understanding and respect. The founders were able to entice the active engagement of stakeholders in the projects and plans of their enterprises.

Sustainability starts with people, changing mentalities and attitudes. (O1)

Rozana is not only an entrepreneurial organization; now it has become firmly ingrained in its context... this is due to the way it was led: we know where we are heading, we are strongly committed to maintain and thrive Rozana, and our board members believe in hard work and giving as ways to combat social problems. (R1)

The study’s contribution here is clear and practical. It identifies the need for social enterprise managers to engage with the environment as their own and with understanding that certain skills are needed to build and manage relationships: an essential route to sustainability.

Conclusion

This study has explored the utilisation of management and marketing concepts and practices by social enterprises and their contribution to the sustainability of these organisations. Based on an exploratory research into two social enterprises in the Ramallah Governorate in Palestine, the results are indicative, rather than definitive, and require further research to validate them since their implications are important. The paper concentrated on how certain dynamics within the enterprise’s context, within the enterprise itself, and those stemming from its founders contribute to sustainability. Three conclusions were highlighted. First, it has found that enterprise sustainability is best characterised as an extension of its orientation towards its stakeholders, by which an appropriate alignment of the enterprise resources with future anticipated outcomes is achieved. It is suggestive that the adoption of a ‘stakeholder orientation’ would provide the organisation with the required legitimacy, which in turn facilitates the creation of value and improved social engagement. Second, there is strong association between internal organisational dynamics and the enterprise sustainability. The consistent pursuit of social goals leading to community development is considered a prerequisite to the continuity and future of the organisation. This finding tends to support the notion that an organisation’s culture, one that encourages the adoption of unconventional management and marketing practices, would enable the enterprise to adapt and evolve in an ever changing context. Third, this study has uncovered two major attributes of the founders in both enterprises. ‘Sense of alertness’ and ‘transformational leadership’ characteristics were found to be enhancing the resilience of the enterprise in facing social, economic and
political challenges. It was argued that the founders’ characteristics provide the core guiding principles and confront the expressed clashes felt by employees and beneficiaries within the context of a social enterprise. Overall, the findings support the notion that social enterprise sustainability is an emergent process, fundamentally originating from maintaining the role of the social enterprise that is the development of various social and economic aspects of a community. The conclusions of this paper recognise the need for social enterprise sustainability to be subject to further more rigorous research and theorisation in the broader management and marketing literature. The suggested framework requires further testing and validation to support the contribution of management and marketing concepts to the sustainability of social enterprise. Also, case studies examining social enterprises from an organisational behaviour perspective should offer valuable insights with regards to inter-organisational collaborations, and how organisational power and politics are intertwined in the emergence and evolution of such enterprises.

References

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