

# SEDETT

## Social Enterprise Development, Education and Training Tools 2016-2018

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## Module 2 Leadership, Human Resources and Operational Management in Social Enterprise

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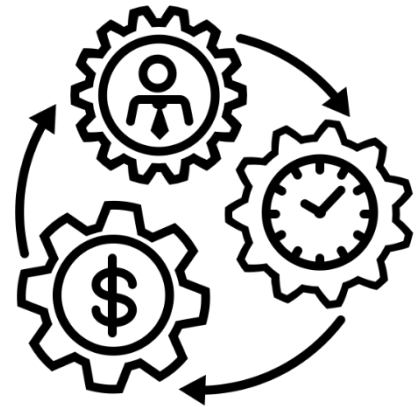
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## Generally

Bolton and Adby (2007,p.292) indicate that “the single most important determinant of the success of an organisation is the quality of its leadership”. However, the role of leading an organisation effectively is highly complex, with no magic formula to provide good leadership, that can be replicated everywhere (McDonald, 2017)

For social entrepreneurs building and growing their companies, the understanding and practice of leadership are critical for long-term success. They also must overcome a variety of challenges, including the constant balancing act of protecting the social mission while striving for growth and commercial success; the combination of volunteers and paid staff within the same organization; and the high expectations from a wide variety of stakeholders regarding their integrity, accountability and openness for stakeholder participation (Heinecke, 2014)

Many people in daily conversations use the words leadership and management interchangeably. However, the diagram below summarises in very broad terms, the differences between the concepts of leadership and management.



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Leadership	Management
Motivation	Organization
Encouragement	Integration
Selection of Talented People	Planning
Coaching and Training	Measurement and Budgeting
Building Trust	Development of People



Relationship



Function

(Adapted from Maccoby, 2000)

There are many different theories of leadership and ways of promoting it. Examples include: trait theories; behavioural theories; contingency theories; transformational theories; and transactional theories. For a full description of these theories please consult the following: <http://www2.fcsh.unl.pt/docentes/luisrodrigues/textos/Lideran%C3%A7a.pdf>

There is no overall agreement on what leadership means or what it is. Ultimately, many agree that it involves influencing others to pursue a common purpose and to do so willingly.

This module considers some of the key issues pertaining to how a social enterprise can be organised, led and staffed in order for it to grow and become sustainable as an enterprising business. The core issues addressed in this module concern (i) how an organisation is led and the qualities found to be needed in a leader - sub-section (A) *Leadership in social enterprise*, (ii) the key features that need to be addressed by an organisation seeking to manage its human resources including its volunteers – sub-section (B) *Human Resources* and (iii) how a social enterprise can manage its operations and develop its organisational culture – sub-section (C) *Operational Management*.



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## Module Aims

At the completion of this module you will be able to:

- Understand the motivations that drive leaders in social enterprises.
- Appraise the differing personal traits of leaders in social enterprise and the leadership styles found in practice.
- Recognise the key issues involved with senior management teams, staffing levels and formal human resources procedures in social enterprises.
- Identify issues in staff training, turnover, retention and succession planning in social enterprises
- Recognise staffing profiles and their strengths and weaknesses and appraise issues in relation to volunteers staff and associated regulatory issues in social enterprise
- Understand how social enterprises can be managed operationally in terms of business infrastructure, operational plans, decision making and organisational strengths and weaknesses
- Appreciate the contribution that organisational culture, local presence and community engagement can make to the sustainability of social enterprises

Each of the above aims are addressed in the following sub-units namely,

1. Leadership in social enterprise
2. Human Resources
3. Operational Management



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## Approach

Detailed treatments of the processes and sub-processes involved in setting up financial management systems in social enterprises can be found in standard textbooks by Doherty et al (2009), - (Ch.4 pp.90-109), Fisher (2016) – (Ch. 9 & 10 pp. 97-109), Ridley-Duff and Bull (2016) – (Ch. 9, 10 & 12 pp.265-323 and 339-363). The learning materials in this module will only consider key concepts related to leadership and human resource management before exploring the evidence gathered from the analysis of the practitioner interviews from the SEDETT case study organisations. These interviews helped to identify relevant significant issues from practitioners' as lived experiences of leadership, human resource and operational management in social enterprise.

## Leadership Definitions

To accompany the many differing leadership theories, there are also a wide variety of definitions of leadership. For example, leadership is *“a process whereby an individual influences a group of individuals to achieve a common goal”* (Northouse, 2013, p.23). Hosking and Morley (1991, p.240) interpret leadership as *“a more or less skilful process of organizing, achieved through negotiation, to achieve acceptable influence over the description and handling of issues within and between groups.”*

The systematic study of leadership offers the prospect of being able to develop an understanding of two things. Firstly, it helps to understand the character attributes and skills that leaders acquire, and which both they and others believe are necessary to improve the quality of leadership in an organisation. This is helpful not only to those responsible for leadership, but also to those who have to recruit leaders (and entrepreneurs) or who want to know how to work effectively with them. Secondly, it helps to understand the contexts in which different approaches to leadership are effective. Social enterprises are varied: small, large, rural and urban, in highly regulated and unregulated industries, growing rapidly, or not at all (Ridley Duff and Bull, 2016).

## The Leader

Central to the field of social enterprise is the concept of the ‘social entrepreneur’, although the term is another that is used imprecisely, ambiguously and with a subtly different meaning to ‘entrepreneur’ than in the conventional business literature. Although social entrepreneurs are typically viewed as individuals who bring business and market based skills to the pursuit of social change, a social enterprise is not necessarily the vehicle through which such changes are pursued. As with the traditional entrepreneur, there is no universally accepted definition of the social entrepreneur. Indeed, Mason (2012) highlights the “seemingly endless definitional debate amongst academics” as to the precise nature and definition of social entrepreneurship.

Dees (1998) develops a somewhat idealised conception of the social entrepreneur as a bold and opportunistic change agent working to create and sustain social value, and working innovatively and adaptably to overcome resource constraints. Vega and Kidwell (2007) similarly view them as innovators, particularly in terms of applying solutions to social problems that have not been tried by either the commercial, public or voluntary sectors. They also differentiate between types of social entrepreneur, including those whose passion for the social cause inspires them to become entrepreneurial and ‘serial entrepreneurs’ who decide (or are persuaded) to apply their business skills to the solution of a social problem (Heinecke, 2014)

Haugh (2005) evaluates that traditional and social entrepreneurs and entrepreneurship, have not been well served by the many terms and definitions adopted by researchers and policy-makers. Smith et al. (2014) consider the social entrepreneur to be one who seeks to maximise social value or social capital from non-profit pursuits, thereby creating economically sustainable solutions for social problems (Tracey and Phillips, 2007). Furthermore, social entrepreneurs can operate from within existing social enterprises, charities, community interest companies and/or non-profit enterprises of all descriptions (Smith et al., 2014). Although the literature often considers the social entrepreneur to be a sub-species of the traditional entrepreneur (Ernst, 2012, Smith et al, 2014), success for the social entrepreneur and the respective enterprise is measured not solely by cost-efficiency and profit (Stokes and Wilson, 2010) but by the extent to which the venture is achieving egalitarian and socially legitimate goals (Wickham, 2006). According to Jones *et al.* (2008), the traditional entrepreneur seeks private or shareholder gain, while the social entrepreneur seeks to enhance social value. For the social entrepreneur, society acts as the integral stakeholder for which gains are sought. Essentially, a social entrepreneur uses the same commercial techniques and strategy utilised by the traditional entrepreneur, but for the advancement or start-up of a socially oriented venture (Pomerantz, 2003). Social entrepreneurs can operate on their own or as a member of special projects created out of a larger organisation (Germak and Robinson, 2013). Importantly, although social entrepreneurship may share some of the characteristics of commercial entrepreneurship, social entrepreneurship is a distinct form of entrepreneurship (Smith et al., 2014, Austin *et al.*, 2006) and as a result the personal motivation of the social entrepreneur and the personality traits are likely to be different.



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## Personal Motivation of the Leader

The nature, background, motivation and development of social entrepreneurs have been the subject of a variety of research projects. As individuals, they tend to hold a dual identity as both entrepreneurs and activists with their motivations often shaped by familial background and past working experience.

Research into the motivations of social entrepreneurs tends to be anecdotal and/or in the form of case studies, as in the case of the SEDETT project, but suggests a variety of underlying motives that are often community-orientated and sometimes ideological, and evidence suggests that social entrepreneurs act decisively to fill market gaps left by the private and public sectors. (Peattie and Morley, 2008))

Sharir and Lerner (2006) found that social entrepreneurs shared some motivations with their mainstream counterparts (relating to personal fulfilment, independence and creativity) but also tended to have relatively unique motivations linked to personal rehabilitation, community contribution or affiliation. (Peattie and Morley, 2008)

An emerging social trend with the potential to generate social entrepreneurs is that of 'downshifting', the adoption of a less pressurised and materially intensive lifestyle in search of an improved quality of life. This typically involves the exchange of a conventional high-earning career towards a more personally rewarding form of activity, and there is an opportunity to attract 'downshifters' with strong business skills and experience towards a role in social entrepreneurship. (Peattie and Morley, 2008))

The motivations highlighted emphasise the findings of past research in terms of community, but also illustrated the personal 'down shifting' phenomenon: Although it was acknowledged that n reality 'downshifting' resulted in long working hours and required lots of energy.

## Motivations of leaders in social enterprises

The data analysed from the SEDETT project case study organisations generate the following findings related to the differing motivations that were central to the social enterprise leaders.

These include:

- To promote inclusion and community
- The love of the community/ returning to a community
- Anything to help
- Very personal motivations e.g. living near to a site where change of use is proposed/vandalism
- Prepared to put in lots of time and energy and working for long hours
- Being involved in volunteering in the past
- Frustration with the 'system'
- Burnout from previous occupation
- Wanting to develop staff (particularly those with disability or socially excluded)
- Passion
- Not motivated by salary
- Dedication and commitment



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Prominent themes that emerged from the case study interviews include:

### **The love of the community/ returning to a community:**

“For me – it’s the love of my own community. I just want to give back.” (Ireland).

“The idea came from the desire to contribute something to helping my community, after having lived for 5 years in various places around the world. I felt the motivation to come back home, I wanted to get involved in several environmental organizations that were not at the time. However, I called several places and contacted some people, but it seems that nobody needed people to get involved at that time ...” (Romania).

“It’s that community spirit you can’t buy it and you can’t learn it, you have it that you care and that’s the thing that Linda has.” (Ireland)

“I’d back her 100% because I know at the end of the day the community is her life.” (Ireland).

### **Passion :**

“It resulted from frustration – for 17 years I had worked as a workshop therapist and occupational assistant for the disabled, but by then I had reached a stage of occupational burnout with no possibilities of personal development. In that kind of work there is no such thing as promotion, financial gratification, no ladder to climb, so I had to look for motivation elsewhere. I had worked for many years with the same people and I think we had stopped benefiting from this type of dynamics. Therefore, opening Dobra was for me personally an act of creation of personal motivation to develop.” (Poland)

### **Not motivated by salary:**

“We brought it up to a level where we could afford to pay ourselves. Now, literally we’re only on minimum wage. Nobody will make money out of it. But it doesn’t matter in the slightest; it’s doing what it’s meant to do. It’s the service and it’s the whole thing of creating a space for people to come to.” (Ireland).

### **Dedication and commitment:**

“It is hard work, I’m not making this like a fairy tale it’s mighty hard work. But you need dedication and commitment.” (Ireland).

“Now, last year I took my first holiday in four years. And another girl came in and managed it for me but we had to train her, it was brilliant.” (Ireland).

## Personal traits of the social enterprise leader

Ernst (2012) maintains that successful social entrepreneurs possess the same entrepreneurial personality traits as their traditional counterparts (i.e. risk-taking propensity, innovativeness, need for achievement, need for independence and pro-activeness), along with an aspiration to solve issues of a social nature. This pro-social personality, Ernst argues, exhibits higher levels of empathy and a sense of social responsibility in contrast to the personalities of traditional entrepreneurs.

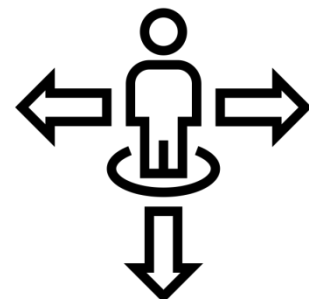
Leadbeater (1997) asserts that social entrepreneurs are more creative than traditional entrepreneurs, particularly regarding the management of their enterprise. Their creativity maybe born of necessity due to the limited funding and resources many social entrepreneurs face. Leadbeater (1997) argues that the abundance of charities and social enterprises with flat open management structures, which subsequent work has identified as a hallmark of a highly innovative and “learning” entrepreneurial organisation. These sentiments are also supported by Burns (2012); Farooq (2012) and ; Örtenblad (2004).

In terms of personality traits, social entrepreneurs tend to be energetic, persistent, confident and inspirational as people and have characteristics including empathy, moral judgment, a high degree of perceived self-efficacy, and a strong social support network (Peattie and Morley, 2008).

## Perceived personal traits of the social enterprise leaders

Leaders (managers and CEO's) who participated in the SEDETT case studies were asked what they considered to be their personal traits and the following areas were highlighted by the interviewees:

- Being a communicator
- Strong personality
- Clarity of vision
- Strategic thinking
- Determination
- Meticulous
- Motivated
- Energetic
- Honest
- Entrepreneurial
- Prepared to learn from mistakes/ keep moving forward
- Ability to balance a number of issues



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## Leadership styles in social enterprise

A key challenge for those working in and working with SE's is to develop strategies / techniques to help others to become aware of the diverse range of abilities and cultural assumptions that influence their leadership style. Those who acquire leadership roles are often charged with developing, controlling and excluding people, in terms of providing a nurturing an environment where conversations can take place as well as curtailing conversations that put organisational survival at risk (Ridley Duff and Bull, 2016). They are expected to be inspiring; to prioritise; to make decisions; to give meaning to situations; and to direct the organisation towards its social objectives (Smircich and Morgan, 1982).

Respondents in the project were asked about their leadership style and they considered that the following were key influencers:

- Feelings
- Personality/ characteristics and
- Previous experience/volunteering/education



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For example

“to your history, your feelings, to your personality. I realize to be different from my predecessors. The leadership also depends on the historical moment, the social context etc. There is a time to consolidate and another, like the present, in which we need more democratization and participation. This is the phase of co-responsibility: promote competence of the others is necessary and making sure that from these skills born something new.” (Italy)

Previous experience and education included working in financial sector; medicine; , being a prison service, factory manager and business consultant. Prominent examples include: “As far as my professional experience is concerned, it's very diverse. And I use it here, working for the cooperative. My first learned profession is a visual artist but I am also a special education teacher, a graphologist, I organised conferences, worked as an assistant at a university, etc.” (Poland).

“I was a business manager, general manager of IT companies. Multinational companies very structured. The centrality of the human resource, of the person, is aimed at profit. All the key investments are the resources. All you invest in people will come back to money. The first aim is to make a profit from the people. In this context, where the goal is not to make money but the human being, the social, the difference is always the people. This setup is not "choose the super men and super women" but we need some very motivated people in key positions to pull in everything else. The others, initially driven, at some point turn on and become, themselves, the thrust of someone else. It is a process. The involvement of the phenomenon begins by those who are able to inspire the desire to get involved. Stir up desire to get together, the whole is a key point. Alone you can do nothing. Any attempt to break the sociability goes against the person, maybe promotes economy but not the person. (Italy)

An initial reluctance to hand over management responsibility was noted. However, it was found that this reluctance reduced over time as the organisation concerned had become more mature and confident in itself.

The leaders of the social enterprises which were involved in the SEDETT project were asked about their leadership style. All perceived their leadership styles to be democratic and participative, even in the larger organisations. Such approaches are concisely summarised by the following remarks:

“It is a very democratic and participatory leadership. It really is one person, one vote. None is worth more than someone else's.” (Spain).

“I find that if you go authoritarian with them it's very difficult.” (Ireland).

“In my everyday work, I am trying to be an example for employees in terms of professionalism and performance, responsibility and taking decision, perseverance in achieving its mission, passion and dedication, respect for employees and others, openness to innovation and development. I think it's very important for people to believe in their mission and to follow you unconditionally, to be part of the organization's strategic planning and vision on the medium and long term. I am continually investing in human resource development, because the most precious thing we have in the organization are THE people, and progress is given by continuing education.” (Romania).

The descriptions used by the organisational leaders, resounds with the concept of autocratic/democratic leadership styles. This theory recognises two distinct styles of leadership:

**Autocratic Leadership** – someone who likes to centralise and control. They derive their power from their position of authority and control.

**Democratic Leadership** – someone who delegates authority, encourages participation and empowers employees. They derive their power from their personal qualities and team members' respect.

These two leadership styles are not necessarily mutually exclusive. Some situations, such as an emergency, require quick decision making in an autocratic style. On the other hand, there are times when a more consultative or democratic approach may be better suited, e.g. when reviewing quality initiatives.

Style	When best to use it	Strengths	Weaknesses
<b>Autocratic</b>	Best used in crises where decisions must be made quickly and without dissent.	Incredibly efficient – decisions are made quickly, and work gets done.	People resent being treated in this manner. Often leads to high levels of absenteeism and high staff turnover.
<b>Democratic</b>	Most suitable when working in a team is essential and when quality is more important than efficiency or productivity.	Team members have high job satisfaction and are more productive as they are involved in decisions. Staff are engaged and creativity is encouraged.	Decision-making can be slow. Hinders situations where speed or efficiency is essential. Team members may not have expertise to provide high-quality input.

(Aberdeen University, <https://www.abdn.ac.uk/develop/managers/leadership-styles-299.php>)

Leaders interviewed as part of the SDEDETT project also used the following descriptions to describe their leadership styles:

- To consolidate
- To promote the competence of others
- Teamwork
- To listen to opinions/ to share ideas/ to involve the group
- Respectful
- Provide a family atmosphere
- Involvement at all levels of the organisation
- Sharing the vision/promoting the values of the organisation
- Sharing the bigger picture Consultative (staff and board)
- Ability to vary leadership style, when dealing with different groups.
- Following the values of the organisation
- Being strong
- Being determined
- Not staying behind a desk
- Ability to delegate
- Transformational/inspirational
- Act as an example
- Community and service/service user driven
- Freedom for staff
- Training for staff and volunteers



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In the smaller sized social enterprises who participated in the SEDETT project, the following were noted in terms of the leadership style:

- Informality
- Not hierarchical

### To consolidate:

“The current manager is perhaps the first manager we have had who has actually understood just what social enterprise is all about and is an individual with a burning passion to make sure the organisation succeeds. ....this is something that takes time, as the current manager builds trust and develops confidence in the way in which he approaches the management and leadership of....the business.” (UK)

### Sharing the vision/promoting the values of the organisation:

“The other thing about leadership, I believe, is that it shows when you standing for the values of the organisation and you are going for your opinion with arguments not your feelings or emotions or I just feel like we need to do this but you just discussing. After this you are going to the municipality, ministries to the other companies like a strong leader just to present your organisation.” (Lithuania)

### Sharing the bigger picture

“Just share my vision.....I show them what we do, show the bigger picture, consult them if they need the advice, try to hear what they need.” (Lithuania)

### Community and service/service user driven:

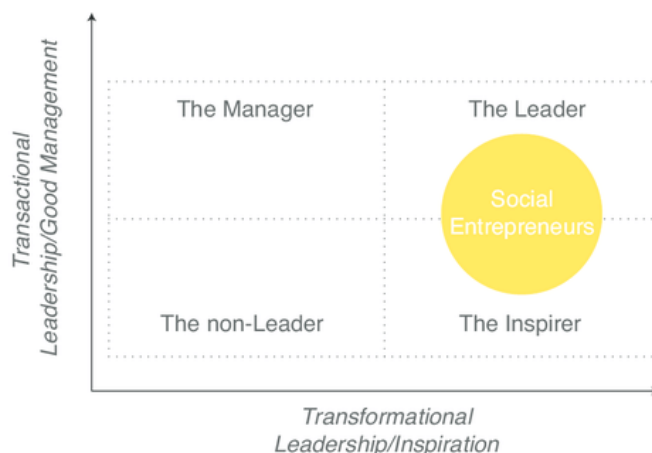
“But I’ve always felt more responsible for their success. Because they just can’t afford not to succeed. If they get feedback that because they are what they are, their cooperative didn’t work, or that because they are what they are, they can’t work here anymore – I can’t imagine me putting up with it. This is where my determination comes from. And in those worst moments, which did come sometimes, especially at the beginning, when we simply didn’t know if we can make it, especially in the first year, at least I knew one thing: I could imagine myself creating something else, maybe not an enterprise, just to keep them, just to let them continue doing what they do, even without money – just not to let them feel that our failing had anything to do with their deficits. Because I wouldn’t be able to deal with that, so I always had it somewhere at the back of my mind.” (Poland)

Heinecke, (2014) suggested that the effectiveness of the social entrepreneur is rated significantly higher by team members when they show a more ethical, transformational and empowering leadership style, and effectiveness is perceived as lower if they show more autocratic leadership behaviour. However, as social enterprises grow and develop it may be necessary for the leader to alter/modify this democratic and participative approach to leadership.

## Evolving Leadership Style

The results from a report by the Schwabb Foundation (Heinecke, 2014) evaluates that transactional leadership is underdeveloped in many social entrepreneurs. Transactional leadership – often associated with the more managerial side of running the organization – is important to provide followers with guidance and to manage the organization in an effective way.

Similarly, the Schwabb results suggest that transactional leadership has a positive association with the intention of the leader to stay with the organization, the commitment to the organization and the satisfaction with their own competence and the people they work with. Also, giving positive feedback as part of transactional leadership was related to a higher perception of effectiveness of the social entrepreneurs in the study. The diagram below, maps Social Entrepreneurs onto the spectrum of transactional and transformational leadership and Social Entrepreneurs clearly lean towards the transformational side of the spectrum.



Schöning (2008)

Research by Deloitte (2013) also recognised a shift in the social enterprise sector from 'social entrepreneurs' towards 'social enterprise leadership'. Many of the participants in the Deloitte study evaluated that there had been a major change in the social enterprise leadership debate. As the sector matured, there has been an emphasis of moving away from the 'founding and / or maverick social entrepreneur'.



Examples of supporting evidence from the SEDETT project case study organisations include:

“There is an inevitable transition required from the founder / leader of the small sized social enterprise to move from leadership to management and in so doing finding it difficult to adopt a leadership mind-set once again – if that does not happen or is not allowed to happen then I think there would a real danger of the social enterprise eventually going pear shaped and collapsing – there is a real danger of the founders or leaders of social enterprise becoming burnt out as they are required to do all the hands on stuff as well as the strategic thinking for the organisation. This reflects my experience here, as I struggled with the workload, became depressed about not being able to complete all tasks to the standard I expected and at the same time looking at a cliff edge in terms of funding – so I think we as an organisation have now made this change just in the nick of time.” (UK).

“The difference was that this person who we have employed this time is a leader and is fully committed to making sure the business not only survives but thrives. This person provides strong experienced leadership and management to the enterprise and is a real champion going forward.” (UK).

In terms of capacity building, one of the SE leaders interviewed considered that having the same leader, for a period of time, was important in progressing and developing the social enterprise:

“One thing that I think that is important is organisational leadership. There is a need for a consistent approach that is best delivered over a recognised period of time. Longevity of the post holder and a consistency of leadership are key issues to organisational growth. The longevity of role holder allows contacts and networks to become developed that enable the organisation to take advantage of new opportunities and also allow it to become aware of potential future problems and issues. However, this sort of approach does throw up a problem in relation to succession planning as there is a need to either grow somebody into the role from within the organisation or to develop a really strong management team that would ensure the organisation was able to continue in a stable manner whilst the organisation looked outside itself to recruit a leader that would be a good fit for it.” (UK).

## Summary

Effective leadership strategies are particularly important for enhancing and maintaining the sustainability of a social enterprise. The data generated and analysed from the SEDETT project case study organisations indicated that there were two components of leadership that were important, namely, the leader and the leadership traits of the person and the leadership style used within the organisation. The case study research undertaken by the SEDETT project consortium has shown a change in leadership style as the social enterprise increased in size and maturity, with a change from being democratic and inclusive to a style that is more transactional in its nature

Please see the links below to the information relevant to the home locations of the SEDETT Project Partners as follows:



**Italy**

[http://euricse.eu/sites/euricse.eu/files/programma\\_percorso\\_rivisto\\_1.pdf](http://euricse.eu/sites/euricse.eu/files/programma_percorso_rivisto_1.pdf)

<http://impresasociale.info/it/node/1925>[http://www.scuolaimpresasociale.org/sites/default/files/SDISC\\_Corso%20dirigenti%202015.pdf](http://www.scuolaimpresasociale.org/sites/default/files/SDISC_Corso%20dirigenti%202015.pdf)<https://www.aster.it/eventi/impresa-sociale-un-percorso-verso-la-leadership->

[sostenibilehttp://www.schwabfound.org/sites/default/files/file\\_uploads/leadership\\_in\\_social\\_enterprise\\_2014.pdf](http://www.schwabfound.org/sites/default/files/file_uploads/leadership_in_social_enterprise_2014.pdf)

**Lithuania.**

Greblikaite J. (2012) Development of social entrepreneurship: challenge for Lithuanian researchers. European integration studies, 2012. No 6.

<http://www.eis.ktu.lt/index.php/EIS/article/viewFile/1498/1594>

Expression of spiritual leadership in the culture of lithuanian business organisations.

<http://talpykla.elaba.lt/elaba-fedora/objects/elaba:2183449/datastreams/MAIN/content>

Organizational factors, leadership practices, and adoption of technological and administrative innovations: an exploratory study of Lithuanian nonprofit social service organizations.

<https://www.tandfonline.com/doi/full/10.1080/13691450500480581?scroll=top&needAccess=true>

Social business environment in Lithuania.

<http://www.socialinisverslas.lt/en/social-business-environment-in-lithuania/>

**Romania:**

<https://www.oecd.org/cfe/leed/38869534.pdf> - Key findings from NESsTs research and Activities in Romania

<http://www.mdpi.com/2071-1050/7/4/4183> - Leadership in Romanian Small to Medium Enterprises

[https://static1.squarespace.com/static/56d2eebbb654f9329ddb20e/t/5773e6bbd1758ec815f7233b/1467213501352/Country\\_Report\\_Romania.pdf](https://static1.squarespace.com/static/56d2eebbb654f9329ddb20e/t/5773e6bbd1758ec815f7233b/1467213501352/Country_Report_Romania.pdf) - The state of social entrepreneurship in Romania

[https://www.researchgate.net/publication/272795351\\_Social\\_Entrepreneurship\\_Competence\\_Evidence\\_from\\_Founders\\_of\\_Social\\_Enterprises\\_in\\_Romania](https://www.researchgate.net/publication/272795351_Social_Entrepreneurship_Competence_Evidence_from_Founders_of_Social_Enterprises_in_Romania) - Social Entrepreneurship Competence: Evidence from Founders of Social Enterprises in Romania

<https://books.google.ro/books?id=paaVDgAAQBAJ&pg=PA133&lpg=PA133&dq=social+enterprises+leadership+in+romania&source=bl&ots=N1Feqaacg-&sig=x54-KFFY-tHbsO0r57ECKkFd12A&hl=ro&sa=X&ved=0ahUKEwj22PSptJHaAhUQ-qQKHV7pBV04ChDoAQgmMAA#v=onepage&q=social%20enterprises%20leadership%20in%20romania&f=false> - Shaping Social Enterprise: Understanding Institutional Context and Influence, Romanian Social Enterprise Model

### Poland

[http://www.mikroekonomia.net/system/publication\\_files/15/original/11.pdf?1314868943](http://www.mikroekonomia.net/system/publication_files/15/original/11.pdf?1314868943)

[http://webcache.googleusercontent.com/search?q=cache:LgbiqmQRY1kJ:cejsh.icm.edu.pl/cejsh/element/bwmeta1.element.desklight-0dba7553-c0ee-4b9a-a0e0-ff0acc2b45ae/c/ZSWES\\_pol\\_es9\\_-\\_3.pdf+&cd=1&hl=pl&ct=clnk&gl=pl&client=firefox-b](http://webcache.googleusercontent.com/search?q=cache:LgbiqmQRY1kJ:cejsh.icm.edu.pl/cejsh/element/bwmeta1.element.desklight-0dba7553-c0ee-4b9a-a0e0-ff0acc2b45ae/c/ZSWES_pol_es9_-_3.pdf+&cd=1&hl=pl&ct=clnk&gl=pl&client=firefox-b)

<http://www.csrkompedium.pl/naprawde-odpowiedzialne-przywodztwo>

### Ireland

<https://socialenterprisetoolkit.ie/>

<http://socialentrepreneurs.ie/theacademy/>



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## Generally

Managing people is a complex process in any organisation and it could be argued that being enterprising whilst maintaining a focus on social objectives creates an even more challenging environment for those managing staff and volunteers in this sector.

Doherty *et al.* (2009) outline a number of common strands that link Human Resource Management (HRM) to social enterprises. These include:

- The need to establish clarity about staffing levels and patterns of work;
- Culture- fair recruitment and selection processes;
- Motivational performance;
- An energizing working relationship;
- Progressive development policies.



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The achievement of coherent and capacity-building people management policies and procedures require social enterprise managers to have strategic thinking, interpersonal skills and comfort with cultural diversity among their many skills (Doherty *et al.*, 2009). Borzaga and Solari (2004) state that social enterprises 'must find suitable ways to manage their key assets including their social mission and efficiency constraints, committed volunteers and employees and enlarged governance structures'.

Managers in social enterprises, in common with frontline managers in other sectors will find themselves having to understand and take ownership of recruitment, performance, attendance, training and welfare issues. Some of these are complex skill areas and take time evolve (Doherty *et al.*, 2009).

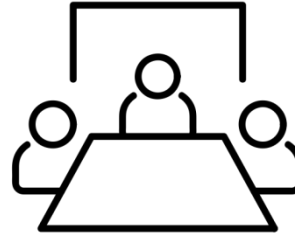
In preparing social enterprises to harness the resources of both paid staff and volunteers, there is a role for HRM and Storey (2007) outlines a number of considerations to develop a HRM Strategy:-

- Good practices;
- Best fit;
- Response to analysis of trends;
- Building on and exploiting the resource base.

Whilst being well-intentioned in terms of good practice, funding limitations and shortfall, as well as the unpredictability of commercial contracts can lead to organisational decisions about best fit (short-term contracts, low-level security) that do not coincide with good practice, or indeed sector perception of how social enterprises should behave towards their volunteers and employees (Storey, 2007).

Responsiveness to trends; and situational and environmental information are strategic functions that should be part of board level planning, but, this can only happen if the board and the senior management team is free from the general day to day supervisory management issues (Doherty *et al.*, 2009). However, volatile market conditions and the way in which SE's operate increases the importance of making effective use of the available resource base; the ability to make the most of resources and stakeholder involvement may well be crucial to the survival of social enterprises (Doherty *et al.*, 2009).

## Senior Management Team



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As Social Enterprise's begin to grow, it generally becomes necessary for the 'leader' to delegate some of the leadership and management responsibilities to other staff. This delegation results in the beginning of a more formal management and supervisory structure. One of the procedures to develop a successful management system in the Voluntary and Community Sector and private sectors is getting the right team to work with you in the Social Enterprise. Collins (2006,p.34) writes "Those who build great organisations make sure they have the right people on the bus, the wrong people off the bus and the right people in the key seats before they figure out where to drive the bus." In other words, the best managers select the right team, then involve the team in planning the project; the overall concept and direction may already have been decided but getting the team involved in the planning ensures a greater span of ideas, empowers the individual team members and gains their commitment to the project (MacDonald, 2017).

However, building the right senior management team, for the organisation is a challenge. Heinecke (2014) in a report for the Schwab Foundation recognises that there may be 'cultural fit' issues associated with appointing senior managers from external, corporate organisations. Recruiting for top-level positions from the outside can bring on-board competent people with appropriate prior experience and professional qualifications, along with a fresh perspective. However, the potential problems of external recruitment can be avoided by promoting existing staff into senior leadership positions. Internal promotion must be accompanied by a conscious effort of leadership development, involving skills and knowledge development, and an investment of time, energy and money (Heinecke, 2014).

The members of the management team need to be able to work collaboratively with the founder/CEO in terms of personality, skills and attitude as well as loyalty to the founder and the founder's achievements. However, to compose a strong and effective leadership team, senior managers should complement the particular strengths and weaknesses of the leader. Often, the founder of a social venture is more creative and visionary than organized and attentive to details, while the organization needs all these talents to develop successfully.

For social enterprises, employee retention is of critical importance as it is often hard to replace staff with outside candidates who have a comparable mission, culture and founder fit. In addition, many social enterprises lack financial resources, leading to below-market wages and unfavourable workplace equipment. Whilst young and idealistic team members dedicated to the social mission might be willing to work under less-than-ideal conditions for a certain period, this may not be the case for senior managerial staff. Retaining experienced senior managerial staff within Social Enterprise is a key challenge (Heinecke, 2014)

The example below, from one of the participating organisations (UK) in the SEDETT project, outlines the evolution of a senior management team:

“A less mature social enterprise would not have the resources to allow these things to happen, we have had to restructure to allow me, as the Chief Officer, time and space. This restructuring has come about through in a pilot light project. This business mentoring project has caused us to stop and think through what we are doing, how we are doing it and where we want to go – to enable this to happen the mentors from leading commercial organisations have encouraged us to question all the we do and the way in which it is done. This has caused us to re structure to avoid upwards delegation of all decisions to me. The mentors have encouraged us to put in place a revised structure that empowers the deputy Chief Officer and my management team to take on revised roles and responsibilities and also encourage them to take their own decisions. Each senior manager is now responsible for a portfolio of projects some of which are grant funded and some of which are social enterprises. This has allowed me as chief officer to focus on externalities – it takes time to learn how to manage a team of people in a larger organisation than it did to lead and manage a smaller group of people when the organisation itself was smaller in size. However, the resource investment required to enable this change to happen has proved to be worthwhile – the chance to learn from leaders of successful commercial organisations is invaluable in seeking to move the social enterprise onto a more solid reliable base from which it can move forward. This process of business mentoring has developed new personal skills in me which in turn can only help the organisation to become more resilient in a business sense. As a result the tendency in the organisation for issues to be delegated upwards has now been replaced and it is only by your exposure to outside mentors hat you are allowed time and space to think and challenge the way things are done within the organisation and if required make changes that enable the organisation to move forward in a business sense. This process has caused a change in my leadership style away from being hands on and participative to now having space and time and giving my management team a push towards accepting more responsibility”. (UK)

## **Staffing levels and formal H R procedures**

The growth of social enterprises involves employing more staff, usually in specific roles. This growth may well be accompanied by a fall in the reliance on volunteers.

Also as social enterprises begin to develop and expand so do policies and procedures relating to HRM. Changes include more defined job roles, provision of external or internal advice on HR issues, staff training and development plans and consideration of succession planning.

A limited number of organisations, within the SEDETT project, discussed the HR procedures. However, of those that did it appeared that they sought advice from external organisations/experts to assist them, rather than employing in-house expertise.

“we have now appointed a solicitor in Chester that do free seminar on various HR topics. We are up to date on HR issues. We have looked at employment contracts, documents, hours of work, rates of pay etc.” (UK)

“At times we have taken some external advice from bodies such as the Plunkett Foundation and business help from a firm of legal activities. Other support has been gained from the coop, the Plunkett and the Big Lottery you can get consultation on issues such as finance and HR. This has resulted in revised and updated policies and customised handbook for employees. In addition this help has allowed us to develop proper contracts of employment, introduce pension schemes, and ensure all are paid a living wage.” (UK)



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## Staff training, turnover and retention

Staff training was considered to be very important to many participant organisations, however the use/existence of formal training plans was not discussed. Training was also being provided at many levels from basic one day practical courses to masters degree courses. The following highlights the current status quo amongst the selected case studies:

“investing in training is essential..... Our approach comes from below, there is a strong commitment, but if I have to choose, I choose who has not the best technical skills but is excited by the work. Technical skills can be acquired. If you are here with your head and heart... The line managers are growing, developing. It is one of the important areas of corporate sustainability. Because the business is truly sustainable.” (Italy)

“As for employee training, we mostly rely on practical staff training, usually conducted by the manager of the café – for example information on how to use our equipment, how to best function as a group or how to serve our customers. We are also going to attend a barista workshop organised by *Barka* as well as a workshop on how to bake bread, but still the majority of our training is in the vein of integration – getting to know each other better, learning to communicate efficiently, developing the so-called team spirit.” (Poland)

“For example sales training. I attended a course in developing internet websites. Now, I’m trying to enrol for another course – in making sewing patterns. We just look for different courses, depending on what we need.” (Poland)



“two of our employees are now starting a course in lawn edging”. (Poland)

“I would hope that the staff that I have trained to my standards would be able to step up and run a similar operation. For instance my assistant manager has never worked behind the bar but at a busy time this year she helped out without any problems and has now almost completed a diploma in hospitality and when this is done she will be enrolled on a NVQ course I beer cellar management .. so this is an example of how the organisation is willing to devote resources to training people so that there is strong legacy of individual and organisational competence. This training is partly paid for through EU grants and so we had to pay 25% of the costs.” (UK)

“Within each care facilities, operators are trained through training courses organized by Sprar (The protection system for asylum seekers and refugees), and publicized directly by the central service or signalled through internet operators often ask permission to go to a seminar that interests them. Operator training is verified in regular meetings with the center staff, employees and a Presidency representative.” (Italy)

“For instance the person most engaged in marketing for us has also been mentored by an external organisation, another senior manager is undertaking a post graduate programme at Liverpool University. Informally we encourage staff to take up social media training so as to help with marketing their own area of operations. We have recently appointed a person to lead on training and quality management issues and as a result we will be paying to put staff through relevant NVQs and bringing forward for the first time a structured staff learning and development plan. These are features I believe of a mature organisation that is seeking to become more sustainable in a business sense into the future.” (UK)

## Staff Turnover/ Retention



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One of the organisations that took part in the project considered the recruitment and retention of staff as an organisational weakness.

It was felt that they were trying to recruit staff from a small area and this was difficult, with a small recruitment budget. They also considered that this issue was widespread throughout social enterprise sector:

“We do have weaknesses and I do think the weakness we have is around recruitment and recruiting people and I think because the recession ... that we now seem to be out of the recession. The dynamic has changed and with that the challenge has changed. And it is trying to retain staff. And make it more attractive for staff. And I would say that’s a weakness but that is the same for any social economy business right now.” (Ireland)

“We constantly are out there recruiting and because we don't have a big budget like other commercial organisations, we can't be on the TV and radio 24/7 getting the name out there but I think what has stayed the test of time is our name. And that we can absolutely stand over our brand and I think that’s vital for any organisation.” (Ireland)



The reliance on key members of staff, could leave a large gap in the organisation, if those members of staff left the social enterprise. Initially the workload was likely to be redistributed amongst the remaining staff, potentially resulting in increased pressure. One participant claimed that the departure of a key member of staff could have more impact than a change of president. Another SE had experienced a regular change of café managers, resulting in the governing body feeling frustrated.

“The most critical moment for our association was paradoxically when, last year, the person (a layman), who had reorganized all the administrative and managerial work, left. Since 2000 he was the program director, staff director, economic director, director of virtually everything. To reorganize, after his transfer, was worse than a change of president. We thought to assume some external element, but, at the end, we decided to distribute the work between us. Everyone will do a bit more... It is a challenge, we are trying it” (Italy)

However a change of personnel can also offer developmental opportunities:

“When I came, five years ago, there was another completely different management. 3 years ago, the management has been changed because the person who took care of this is gone so we took the opportunity to rearrange everything. In these five years, we have grown the level of competence. The guys who work with us have grown, thanks to us but especially thanks to them. There was a growth in the level of professionalism and expertise.” (Italy)

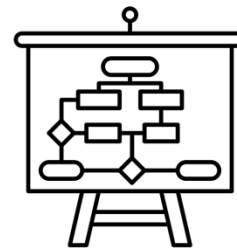
Staff retention and competence development can be influenced by the style of organisational management. Conversely regular changes of staff and managers resulted in staff feeling out of the “comfort zone”. It was also noted that it was not always easy to introduce new team members into existing projects.

One organisation considered staff stability to be an important issue and they felt that they had achieved staff commitment through encouraging staff to participate in training opportunities, thereby leading to increased levels of staff loyalty and commitment and ultimately having a positive effect towards retention:

“I think having the right people is really important and we have been lucky in that respect and we have always been involved with the local residents. One of our managers was with us right from the beginning and this provided stability and also encouraged others to volunteer and commit to helping because they knew that they would get something out of it for themselves. The stability of our staff is an important factor and we have achieved this by investing in them through encouraging them to take up training opportunities. This encourages them to be loyal and also encourages commitment that is needed at times of the organisation being very busy.” (UK)



## Succession Planning



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One organisation noted that it was not always easy to hand the responsibility of the enterprise to the next generation:

“The cooperative structure. Participation goes a little decreasing. It could do better. We are a train going 50 km per hour, but we could go to 200. We do so many things. We have seven self-financed construction sites for the animals. We have much to do but it could do more with a little. The problems are the older, like me that slow down, and young people. Young people.....They should take the responsibility that they will not take.”  
(Italy)

“Old people must take a step back and the young one step forward and so we meet.”  
(Italy)

Some organisations had specific succession planning strategies in place, for example:

“The key to succession planning in particular and to having a successful organisation in general is having the right mix of enthusiastic, knowledgeable and skilled employees and volunteers involved that are all committed to the organisation’s mission aims and objectives.”

Some organisation had begun to employ new staff, as more experienced staff members were planning to retire:

“We got a new assistant five months ago. So she’s here to help me. But up to then really I was doing everything. I’m just somebody that likes figures and likes working with figures, but I’m kind of winding down a little bit so I got a new assistant so she came in September.” (Ireland).

Succession planning, in terms of replacing the existing leader of the social enterprise also needed to be taken into account:

“In terms of developing capacity for the future then there is an issue here in developing people who could take over the role should I not be here for whatever reason. As a result there is no succession plan here. I have no successor. It would be good to have such a person but again I feel this is a difficult thing to do in a smaller organisation that is based on volunteers.” (UK)

One organisation discussed succession planning, with regard to the Board of Governors:

“that is one of our concerns. I think I am the youngest on the Board (66yrs). We minuted at the last Board meeting, does anybody know anybody that may be interested. We noted that we weren’t lacking and we weren’t struggling, but, the point was made that we could do with a couple of younger members, for the future” (UK)



## Staff profiles, strengths and weaknesses

Staff working in social enterprises come from a variety of backgrounds. Some have considerable experience in corporate management; some are qualified professionals; and for some it is the first chance of employment.

Some staff had worked for many years in the same social enterprise, this was particularly true in the Italian examples where some of the interviewees had worked within their organisations for 40 years, 26 years and 17 years respectively.

Some enterprises considered that it was very important to recruit employees from the local area:

“Of the 92 staff in the organisation about 90 live in Wrexham and of those the vast majority have had some connection with the estate itself .. so I made sure that I had the support of the staff with family connections to the estate itself.... They could see that what I was doing was not bringing in lots of outsiders to work for the partnership .... What is was about was bringing people with me on the journey” (UK)

For some employees, working in a SE allowed them to shape and develop their principles, views and opinions and provide meaning:

“Mine is a type of work that allows meet people but also many points of view I chose to do my internship here because I knew nothing about the refugees but I considered myself an informed and curious person. I still think that this experience could be useful to see the world as a whole.” (Italy)

“I had worked in a very stressful job for 14 years and had commuted in and out of the UK. I just wanted to do something that gave more meaning to what I was about.” (Ireland)

“It is a matter of values. In the end my partners and myself ... we have a personal trajectory of collaboration in different social entities, volunteers, organizations ... I understand that it is a theme that goes into our way of understanding life.....we follow what we believe. (Spain)

There were also examples of flexible employment practices, such as probationary periods, which in the following instance resulted in long term employment and development opportunities:

“They said to give me probation on it because I was afraid if I went into it and I didn't like it I mightn't get back out of it. So they said we'll give you two months' probation. I got into it and like it and was doing the books for the centre and CE scheme. So then as our numbers rose on CE our supervisor needed to get an assistant supervisor so that job went up on the board and I was successful and got that job. So then I had to train another person into start doing what I was doing, the wages and administrative side of it. That's how I have come into the thing. I'm nearly here ten years now.” (Ireland)

There were some organisations where experienced, professional and appropriately qualified staff were needed:

“So all our care managers are all nurses. So they all come from a nursing background. And there’s a huge advantage to that and the main advantage is they can see things before they happen. So somebody who is non- medical wouldn’t necessarily see the things.....And they would manage then a cohort of carers in the area as well..... (Ireland)

This was also recognised more widely across the social enterprise sector:

“if we want to be strong organization, we must have good employees, specialists, who are working for the services.” (Lithuania)

“If you want an establishment that is able to compete with other commercial enterprises then you need to employ staff who are competent and reliable in terms of doing the jobs that are required.” (UK)

One example of how social enterprises can help younger staff to develop was outlined by an Irish social enterprise:

“You’d see it yourself coming in that kids coming in, transition year and that and the way they blossom, to see them interact with people .....To say that they were involved in it was a huge thing to have on their C V after, to apply for other jobs.” (Ireland)

### Perceived Staff Strengths

Members of staff that were interviewed as part of the SEDETT project were asked what they considered to be their perceived strengths. The following areas were highlighted through the semi-structured interviews:

- Continuity (in terms of length of service)
- Language skills
- Analytic skills
- Communication skills
- Personality
- Research skills
- People skills/ ability to build relationships with service users
- Prepared to question decisions
- Positive and proactive attitude
- Task management skills
- Accounting skills



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from Noun Project

- Educational background
- A strategic perspective
- Sharing good practice
- Creativity
- Ability to delegate
- Patience
- Resilience
- Use their own initiative
- Prepared for a challenge
- Provide opinions

Staff tend to be flexible, meaning services are available when their target groups need them. For example:

“We try to open for the 52 weeks of the year. We only close on bank holidays. To me other centres should be the same, should never close.” (Ireland)

This can mean that employers take advantage of employee goodwill:

“In theory we work from 8 to 5, however, it depends. We have 1 hour lunch break. We are flexible. This is a limit and an advantage. Someone can take advantage of this. I have no timetables.” (Italy)



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### Perceived Staff Weakness

The SEDETT project case study organisation interviewees were also asked what they considered to be their weaknesses. Prominent examples include:

- Lack of financial skills
- Unstructured job roles can cause problems
- Thinking too much
- Poor communication skills
- Unable to develop due to lack of awareness of the social economy in country of operation
- Frustration with the organisational form (part of a larger partnership):-
- “Yes I get a bit frustrated with the set up as we are not in control and not completely operating on our own as this prevents us from reaching our full potential” (UK)
- Lack of time
- Multitasking resulting in a lack of consistency

## Difficulties with staff

Invariably, managers of social enterprises will have to have the capacity to deal with difficulties that may arise with staff. Some prominent examples include: “when we first started our strategy was that we would have a café manager, café assistants and a site manager. We had a site manager for 25 hours a week and they attended our board meetings, but we just felt that we weren’t involved enough. The manager however, wanted more hours and we couldn’t afford that so she moved on to another job.” (UK)

“My biggest frustration is that I like to have a happy ship, but, we are on our fourth café manager and quite a change in the café assistants, which seems to be the nature of the beast in catering and I find that really frustrating because you like to get a settled ship.” (UK)

“Even though we had paid for a manager we probably were not very clear in identifying just what type of person we were looking for ... it was a baptism of fire in that we know now that the pubs and catering industry have a lot of ongoing personnel issues... we did not know that at the time and we, as a committee thought that we were just doing it wrong. Yes we had some bad experiences of employing staff and that together with the falling away of the volunteer base.” (UK)

“So this developed into a situation that was quite difficult to handle. I think as well that it was fair to say that we did not recruit wisely in terms of the paid manager’s role here at the enterprise. We found that the persons we employed did not have the experience that we were looking for in running an enterprise such as this ... and in fairness that was probably our fault as a committee in that we did not check on them properly.” (UK)

## Volunteer staff and regulatory issues

### Becoming a Volunteer

In the majority of cases, the interviewees did not state why volunteers had wanted to get involved in social enterprise. However, the following reasons were deduced from a number of the case studies:

- Ethos of a non-profit organisation
- Work opportunity (particularly students)
- Possibility of future employment
- Benefit of the community

The UK and Irish examples generally attracted retired professional people. Overall, a wide variety of people were attracted to volunteering:

“Being a voluntary association offers us a variability of people who work with us and the voluntary sector offers a new idealism.” (Italy)



### Finding Volunteers

Many volunteers have links to the community within which the organisations were based. Some organisations recruited volunteers by word of mouth or students seeking practical work experience, whilst others had online application procedures.

### Role and Number of Volunteers

The role and the number of volunteers involved the organisations varied greatly. For many social enterprises, there has been a reliance on volunteers at the start of the operation, but as the organisations have evolved this reliance had diminished. Most volunteers received some training before commencing work within the organisations.

The importance of volunteers to the social enterprise sector was highlighted through the following examples:

“We probably wouldn't survive here without the volunteers and the different schemes. We have very good volunteers, great workers as well.” (Ireland)

“Great wealth is given by volunteers and we are stimulated by this force.” (Italy).

“Majority of our services are run by volunteers. It's more than one thousand volunteers in Lithuania. It's a huge challenge to coordinate them and provide good and high-quality services.” (Lithuania)

“We received a significant support from the 24 volunteers involved in the project totalling over 2000 volunteering hours. The implementation of different project activities would have been much harder without their contribution. Their constant involvement proves the local interest on community projects and reflects the potential that can be development through civic engagement of individuals. Successful volunteering activities are win-win experiences, the benefits being experienced by the helpers as well, through the learning opportunities they receive, the cohesion among members it generates, as well as through the development of the feeling of community belonging.” (Romania).

However, in the longer term this reliance on volunteers is unlikely to be sustainable:

“Originally, the dream was for this to be voluntary. It doesn't work..... and like say for anyone going at it, voluntary is great until you're supposed to open at 9 in the morning, at five to nine they'd ring and say I mightn't bother going in today I'll go in tomorrow. The money isn't great for those who are here but they always have to get some. If it's voluntary then the big buzz starting off would be grand. But you'd end up then left to the one or two and that wouldn't be fair either. You couldn't see a viability for it into the future and I never thought it would be fair on those if it made a profit out of someone committing their time fulltime without a certain remuneration. In practice ... you know ... people will work the Wednesday evenings if there's nothing going on but who are you going to get on the Monday mornings or Saturday if it was voluntary.” (Ireland)

“In Italy, volunteering is a great treasure but it is “pollutant.” Because there is the habit this thing is done for free. If I could, I would do it for free, but why should I exclude social work just because I have the legitimate needs?” (Italy).

### Issues with Volunteers:

The interviews with staff from the SEDETT project case study organisations have highlighted a number of issues when working with volunteers.

These include:

- Reliability

“A new manager arrived he could not be doing with incompetence and he quickly ruled out volunteers being the main source of labour due to their unreliability”. (UK)

“It can be a bit haphazard. Some people come and like it and will stay with you forever. Then some people get fed up of it and don't like it but will say if you're stuck call me and they'll come down for two hours. The volunteering is very, very beneficial to us. A huge benefit to us. But, you know it's like anything people will do things for a while and when it's not a permanent job it's ... there's no commitment. It's a transition.” (Ireland).

- Skill levels/ competency

“there is myself and one other that can actually produce finished products, the other volunteers have their own issues but are not sufficiently skilled to be able to produce finished products. The volunteers do minor tasks.” (UK)

More minor issues mentioned by the interviewees included

- Turnover of volunteers
- Volunteers wanting to do more and more
- Younger volunteers lacking experience
- Older volunteers lacking energy



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from Noun Project

### Regulatory Issues

In the Polish case studies, two of the participating organisations discussed the regulatory issues with respect to volunteering in Poland:

“The Polish law doesn't allow for social enterprises to use the services of volunteers on a regular basis. Some people have given us a helping hand in a few situations, people like graphic designers and other well-wishers.” (Poland)



“No, we can't have them as a cooperative; you cannot employ volunteers to perform business tasks. There is no such possibility in Poland.” (Poland).

## **Case Study - The Story Of Tyn Y Capel (UK)**

Tyn Y Capel Public House (UK), opened as a community pub, with a heavy reliance on volunteers. The following are extracts from three interviewees who have a direct involvement with this social enterprise:

“When it was originally started it was staffed by volunteers, now when I heard this I advised that if they were to persevere with this approach then the pub would not last 12 months, as the provision of this sort of a service cannot run as a hobby, it is hard work and I think the Board of Directors had discovered that and so were prepared to make a change especially as they were losing volunteers. Another point was that the volunteers that they had involved here were of a certain age and were retired and who had time on the hands. Such volunteers get tired and lack energy and it is not surprising that the greatest problem that Tyn y Capel had in its first 18 months was the quality of the service. I can confirm that as there times I was looking for a drink here at the bar and there were 6 volunteers all talking to each other and me and 4 other customers waiting to be served. It was not being run on a professional manner at all. So we have changed that culture now, we pay out staff who are all drawn from the local area”

“When I mentioned about the volunteers in addition to what was spent on staff wages initially they used to have a voucher system here so that if a volunteer worked for three hours behind the bar, restaurant or whatever then you could get a £10 voucher which was redeemable at the Tyn y Capel. In the first year £96,000 worth of vouchers were given out. This greatly affected the viability of the business. However, remember this is a community business and if we got £1 in the black at the end of the year then that would be a success as it is a community facility and such an end of year result would mean that the facility had operated across the 12 months for the benefit of the community.”

“I have changed things around now so that there are only 2 people who actually volunteer in the bar and restaurant and we employ 27 people across the week and 26 out of those 27 people would live within 2 miles of the Tyn y Capel so that is putting money back into the community as the community puts its money into the pub and then the employees take some of it back home. We have taken people with little skills and confidence and we have trained them and now they are able to contribute. For instance we have a volunteer who gradually developed herself and we gave an opportunity to help in the kitchens but as a result of being given an opportunity she is now a fantastic employee and is central to the operation of our kitchens. We have done that for several others. We have 7 core members of staff and 20 casual members of staff. We take on younger people and provide them with training in the way things should be done so that the customer is satisfied.”



## Volunteers to Staff

The interviews highlighted many examples where volunteers had now become members of staff:

“the move to a paid employee approach to running the business did fit in with a stated aim of the organisation in that the people employed were mostly drawn from the local community, some of whom started as a volunteer and now as a result of gaining employment have moved from being unemployed ... this is a good thing for the individual s concerned and the locality and can be considered as a success for the project in that we are putting back into the community.” (UK)

“So at the moment there are several employees who started here as volunteers but who are now fully paid members of staff. To this end this is a measure of success for the enterprise and it is a factor by which it can measure its impact.” (UK)

“We first started out as volunteers, then as employees. The programs have been developed over time and we have believed very much in them and in our social mission. We have never sought funding for money but we have sought funding to cover the needs of our beneficiaries.” (Romania)

“I joined the association three years ago as a volunteer and then became a member of staff. I think I'm the only one of the then volunteers to remain in the association. After 6 months of volunteering I became a bartender and after another 6 months I went to the kitchen. Here I discovered my passion for cooking. The CUIB offers such opportunities because it does not hire people with experience in the field, but we learn from each other. I have been a chef for two years, and I'm an assistant manager in the association” (Romania)

“one of our senior managers started as a service user and then became a volunteer, then a trainee and then a project worker.... The other managers followed a similar path and this ensured that they were all with me in making sure the organisation changed its approach.” (UK)

The following two stories of volunteers/interns who were involved in work experience within SE's and have now become full time employees. The experiences are summarised from two Italian case studies:

### Case Study - Story One (Italy)

“I had a happy childhood, but then I grew up I took a wrong turn. My parents asked for help to aggregation center and I became it in this project. At first I was a little sceptical, I would have never thought about working here. I have now worked here for about two and a half years

They have made me grow slowly. We started with appointments every 15 days, then every week, then they let me enter in La Nuova Arca. I won a scholarship of six months, later extended another 6 months. After that they hired me. It was a growth, both personal and work. Everything started with the little things.

I started in the field: I collected, hoeing, sowed the ground. I did everything there was to do. But then we saw that it was too heavy and I switched to the packaging department. I take care of the products that must be sold. Today I am a key person in the packaging. I control the product quality, that everything goes well, then prepare the boxes for buying groups.

I'm now 20 years old. I know nothing about the future. In a year maybe I will have travelled all over the world, or I'll stay here, I will become an agronomist. I do not know.

I no longer have the same friends but I have new friends. At first it was hard change your life, then you do. Now I have a few friends but good ones. Friends who are right for me." (Italy)

## Case Study - Story Two (Italy)

"I have been here for three years and work with agriculture. I have done many things in Italy, I was not very expert in agriculture but I am learning so many things. Here we also help other people to find work. I grew so much here. I like working here because they give you so many possibilities.

I left Mali in 2009 at age 28. Now I'm 35. There were many problems, there is no work, there is no possibility to create jobs. There is agriculture. We are used to grow cotton, corn, mango. Mali cultivates a lot but does not improve anything. So people decided to go to improve their lives and the lives of their parents. I have come here to change my life. I am an immigrant, I am not a political refugee.

I had a very long journey, too long. It lasted one year. I have gone through Burkina Faso. I earned a bit of money there, then I went to Benin, I was there for five months and left. I moved to Libya in 2008, in Tripoli, I was there for 9 months. Then I came here by boat, the trip has cost 1,000 Libyan Dinar. The trip lasted 2 nights and 2 days. They have left us in Lampedusa (Sicily), then they sent us in Syracuse (Sicily). We remained 40 days in Syracuse, then we were sent away. I start asked information to friends because I did not speak Italian and I did not speak French very well. I tried to speak to Italians but many did not pay attention to because they think you want something from them. The reception center for immigrants gave us 80 euro to leave, to buy a train ticket. We were left to the Syracuse station, but we did not know where to go or what track to take. I took the first train to Naples. In Naples there are many African...I asked a lady, from the Ivory Coast, which was the best destination for us. We had no contact, we knew nothing. She recommended to go to Foggia. In Foggia I met many friends. I was in Foggia in July and August. I gathered tomatoes. When I finished the tomatoes to gather we did not know what to do.



We have contacted the lawyer of Syracuse reception centre for incoming documents. 80 people have arrived in Italy with me but we were all sent out of the reception centre. The hospitality does not last long. Our documents were not ready so we stayed in Foggia. I moved in Rosarno, in Calabria, to pick oranges. When there was the revolt of immigrants in Rosarno, I was there. I left Rosarno and I came to Rome. I went to the Ex Snia Social Centre.

I was attending a project with other African boys, Barikamà project, we were producing yoghurt. We were 2-3 people. In 2013 a person I know has sent me here to work. I like La Nuova Arca because they help many people. They help you and they do not think you're different from them.

It is hard work but I learn a lot, I learn Italian, I meet so many people. Before I did not drive the tractor, now I have learned how. Now I have experience with organic, chemistry, how to sow, plant diseases. I study Italian in Rome, 2 times a week and I do a driving course for agricultural machinery

I would not continue to travel around Europe. But I cannot go back to Mali, if I do not have anything to do. Here in Italy the situation is difficult, we have a lot of problems here. But change may not involve one single person, it must be global. Alone cannot do it. We must cooperate with the Italian Authorities. It is better to earn a little but do something. You cannot stay doing nothing." (Italy)

## Differences between Staff and Volunteers

Participant organisations considered that there were clear difference between managing staff and managing volunteers, regardless of the size of the organisation. The following are prominent examples:

"There is a difference between managing employees and volunteers ... most volunteers are not looking for paid work. Some do and seek to use their period of volunteering as a stepping stone into paid employment however I have found no tensions in managing both employees and volunteers but we have always been careful to avoid replacing paid staff." (UK)

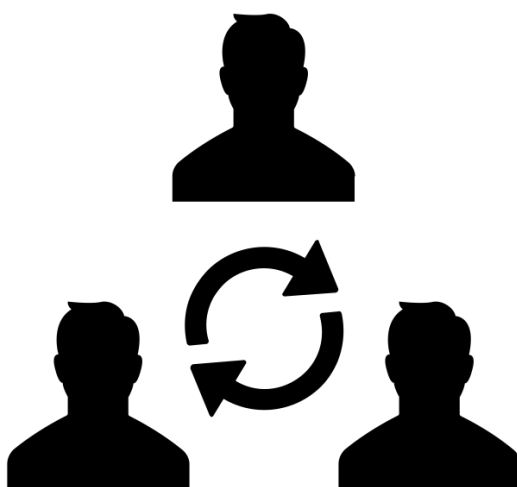
"because employees have to have regular meetings and check-ups with me and meeting with me it's like a part of work. We are always agreeing on deadlines very clearly and I don't like them to be skipped or changed, I mean it's happens it natural I'm strict on that and any good volunteers I always treat them as volunteers. How much you want to get involved, what are your developmental goals and how I could help you. And I think I provide more guidance to volunteers and I have more control of volunteers as well. Because I'm not sure on what kind of quality they are going to make things." (Lithuania)

"You have an employee they have rules, they get money from you. It's much much easier you can say like of course you can come and be like a dictator I need this and you have to do and they must do it. If you come to a volunteer and you say I need this you have to do it now they will say... and will never come again. Volunteers come with the idea to save the world. And yes it's different are you working with youth volunteers or with older ones." (Lithuania)

“In practical terms, a volunteer I cannot demand what I expect from a professional, however much the two hold a responsibility on what they do, in the case of the professional is and must be greater, as the demands must be different” (Spain)

## Summary

The data generated and analysed from the interviews conducted with the SEDETT project case study organisations suggest that issues have emerged in relation to human resources; and therefore have to be considered carefully by social enterprises who wish to grow, develop and sustain their operations. In particular, the SEDETT case studies reveal that matters related to the senior management team, staffing levels, staff profiles, turnover and retention and volunteer staff are all components that contributed to the human resource element of social enterprise leadership and operational management.



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Please see the links below to the information relevant to the home locations of the SEDETT Project Partners as follows:

### Italy

[http://intellecap.com/sites/default/files/publications/intellecap\\_hr\\_report\\_web\\_0.pdf](http://intellecap.com/sites/default/files/publications/intellecap_hr_report_web_0.pdf)

[https://orbi.ulg.ac.be/bitstream/2268/202453/3/C.Moreau\\_Abstract%26Biography\\_Th%c3%a8se%20doctorat.pdf](https://orbi.ulg.ac.be/bitstream/2268/202453/3/C.Moreau_Abstract%26Biography_Th%c3%a8se%20doctorat.pdf)

<http://www.scuolaimpresasociale.org/gestione-delle-risorse-umane.html>

[http://www.sdabocconi.it/it/formazione-executive/settoriale/non-profit-impresa-sociale?sembox\\_source=AdWords\\_C&sembox\\_content=impresa%20sociale&sembox\\_p=C\\_NP\\_IT&utm\\_source=AdWords&utm\\_campaign=C\\_NP\\_IT&camp=C-00001760&gclid=Cj0KCQjwqM3VBRCwARIsAKcekb1zxD1Fyny0RxcbXAZpGwrU8T66lm392fVCBVUEij6qTq1eQM0QRZ4aAso1EALw\\_wcB](http://www.sdabocconi.it/it/formazione-executive/settoriale/non-profit-impresa-sociale?sembox_source=AdWords_C&sembox_content=impresa%20sociale&sembox_p=C_NP_IT&utm_source=AdWords&utm_campaign=C_NP_IT&camp=C-00001760&gclid=Cj0KCQjwqM3VBRCwARIsAKcekb1zxD1Fyny0RxcbXAZpGwrU8T66lm392fVCBVUEij6qTq1eQM0QRZ4aAso1EALw_wcB)

<http://www.unitn.it/ateneo/896/master-gis-master-in-gestione-di-imprese-sociali>

<https://www.comune.roma.it/PCR/resources/cms/documents/incubatore.pdf>

### Lithuania.

Greblikaite, J., Wlodzimierz, S., Grants, J. (2015) Development of social entrepreneurship in European Union: policy and situation of Lithuania and Poland.

[https://www.researchgate.net/publication/291836255\\_Development\\_of\\_social\\_entrepreneurship\\_in\\_European\\_Union\\_Policy\\_and\\_situation\\_of\\_Lithuania\\_and\\_Poland](https://www.researchgate.net/publication/291836255_Development_of_social_entrepreneurship_in_European_Union_Policy_and_situation_of_Lithuania_and_Poland)

Moskvina, J. (2013). Social enterprises as a tool of social and economic policy. Lithuanian case. <https://hal.archives-ouvertes.fr/hal-01694320/document>

Study on Volunteering in the European Union Country Report Lithuania.

[http://ec.europa.eu/citizenship/pdf/national\\_report\\_Lt\\_en.pdf](http://ec.europa.eu/citizenship/pdf/national_report_Lt_en.pdf)

Successful Business Models in Lithuania – case 3: Food Bank.

<http://www.socialenterprisebsr.net/2016/04/successful-business-models-in-lithuania-case-3/>

### Romania:

Analysis: Improving Romania's social economy sector - <http://www.business-review.eu/news/analysis-improving-romanias-social-economy-sector-133953>

Trends and Challenges for Social Enterprises in Romania -

[http://www.irsr.eu/issue05/11\\_Lambru\\_p163-182.pdf](http://www.irsr.eu/issue05/11_Lambru_p163-182.pdf)

Social Enterprise in Public Governance. The early stage of Romanian case - [journals.univ-danubius.ro/index.php/administratio/.../2991](http://journals.univ-danubius.ro/index.php/administratio/.../2991)

Policy framework and legal forms of social enterprise in Central and Eastern Europe - <https://www.degruyter.com/view/j/picbe.2017.11.issue-1/picbe-2017-0093/picbe-2017-0093.xml>

The contribution of social enterprises to the development of tourism. The case of Romania - [https://ac.els-cdn.com/S2212567115014483/1-s2.0-S2212567115014483-main.pdf?\\_tid=b0621e5a-c2ee-4e91-832c-c51fb0a8bbca&acdnt=1522323045\\_c32041993a85bef116e9155be0634ea1](https://ac.els-cdn.com/S2212567115014483/1-s2.0-S2212567115014483-main.pdf?_tid=b0621e5a-c2ee-4e91-832c-c51fb0a8bbca&acdnt=1522323045_c32041993a85bef116e9155be0634ea1)

### Poland

<http://pbc.biaman.pl/Content/24256/Zarz%C4%85dzenie%20przeds%C4%99biorstwem%20spo%C5%82ecznym%20-%20raport%20z%20bada%C5%84.pdf>

<http://bazekon.icm.edu.pl/bazekon/element/bwmeta1.element.ekon-element-000171292353>

<http://www.ekonomiaspoleczna.gov.pl/Studia,Podyplomowe,z,Ekonomii,Spolecznej,838.html>

<http://podyplomowe.ue.poznan.pl/studia.145.html>

<http://www.mwse.edu.pl/oferta-edukacyjna/studia-i-stopnia/zarzadzanie>

<http://warszawa.ngo.pl/wiadomosc/480138.html>

<http://www.up.krakow.pl/studia/studia-i-stopnia/383-ekonomia-spoleczna-i-stopnia>

### Ireland

<https://www.wheel.ie/sites/default/files/HR%20guide%20-%20FINAL.pdf>

[https://www.wheel.ie/sites/default/files/TrainingSolns\\_International.pdf](https://www.wheel.ie/sites/default/files/TrainingSolns_International.pdf)

<https://socialenterprisetoolkit.ie/>

<http://sesbaproject.eu/en/>

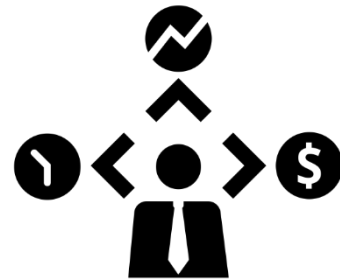


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## Operational Management

The operational management sub-unit has been developed from the analysis of the case study data obtained from the SEDETT project. The sub-unit addresses the following topics:

- management of infrastructure,
- Development of operational plans (SWOT analysis)
- operational management and decision making
- development of community engagement initiatives
- cultural context of operations



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### Infrastructure

### Physical Assets

A social enterprise offering goods or services for sale must have accommodation from which to trade. It was found that most though not all of the social enterprises that contributed to the SEDETT project rented their premises/buildings. For some the leases were relatively short term but for others the leases were longer, possibly as part of a Community Assets Transfer Scheme (CAT) from a Local Authority or Municipality.

This enables a social enterprise to have a secure base; a focal point; more control over the future of the organisation; and an opportunity to raise income.

The private ownership of accommodation was deemed to be an 'albatross' for a social enterprise in terms of being responsible for its running and maintenance costs. In some instances, the social enterprise found that the cost of purchasing the required accommodation space was too prohibitive and this in turn was found to limit its operations.

Prominent examples from the case studies include: "Although having buildings can sometimes be an albatross to a community group but it can also be a very good thing for an organisation seeking to develop as it provides a base, gives focus to its activities and is an asset that can be used to generate an income through renting out some of its spaces to other organisations." (UK)

"I think the opportunity own your own building is a real advantage to a social enterprise and we have had the opportunity in that the ownership of this building has recently changed hands. However, financially we were not in a position to consider purchased and we have been lucky in that the new owner is incredibly supportive. However, there is always the threat that this supportive stance could change and a long term aim for the organisation must be to generate sufficient surplus to enable it to be in a position to buy the building and so have control over its own destiny." (UK)



No interviewees from the SEDETT project addressed the need for the social enterprise to obtain, use or maintain any mainstream digital business equipment associated with conducting a business. This could be because this issue was not considered to be significant by the interviewees that contributed to the SEDETT project or it could be that this issue was not considered during the interview.

## Operational plans and organisational strengths and weaknesses

A business organisation can determine its strategy over a period and detail how the strategy is to be delivered by developing an operational plan. An operational plan usually covers a shorter period than the organisation's strategic plan and sets out the necessary resources, any agreed milestones for service delivery and the anticipated revenues generated by the activities pursued by the social enterprise. The SEDETT project involved social enterprises operating in differing circumstances and locations yet the data analysed from the case study interviews revealed that not many organisations discussed their operational plans. The plans that were discussed lasted for approximately a year and were written by the managers of the social enterprises and where necessary they were also approved by the Board. The comments below acknowledge that the plans may need to change as the organisation evolves: "Yes we do have an operational plan. We know what we want to do this year. What we want to do is improve facilities in the garden and we'll aim towards that." (Ireland)

"Yes we've an operational plan. And we've relooked at all strategy as well, we have to have an operational plan I suppose because you know it changes all the time and we redid a lot of structures and you know (Ireland)

"Well I suppose with the normal operational plan it would be written by myself. I'd write that for the year in conjunction then with the board as well." (Ireland)

"The operational plan we also have how do we communicate with the media, because we need to provide kind an outline for volunteers and what our values how do we operate in terms of crises, because we organised activities and young people are involved so also we need to know what we will do then the accident happens, how do we react quickly to that" (Lithuania)

The lack of emphasis given to the determination of organisational operational plans indicates that the SEDETT case study organisations were operating on a mainly informal planning basis only. However, a key feature of an operational plan is the recognition of an organisation's operational strengths and weaknesses.



## Organisational Strengths

The following identifies key strengths identified by interviewees in the case study organisations with respect to the operation of their social enterprise:

- Being a community/Social hub and offering local facilities
- Being able to balance social and commercial objectives
- Ability to offer a wider range of services and facilities as the organisation developed
- The leader
- The staff; motivated, qualified and competent (also staff with disabilities were considered as a strength)
- Team work
- Volunteers
- The Board of Governors
- Adaptability “take every day as it comes”
- Able to act now and think later (some cases)
- Being ‘a little bit different’
- Experience/ credibility provided by experience
- Collaboration with other organisations (had brought stability)
- Providing reliable services (but these can be difficult to maintain)
- ‘Social and vocation thrust’ relating to Mission/putting social objectives first/ focus on goal /sound principles, ideals and values, however, strong ideals could be considered both a strength and a weakness.
- Having lots of energy
- Involving the right people
- Being open and transparent
- Flexibility
- Being well known
- Planning (projects)
- “we are here all the time” other commercial business tend to come and go
- Respond to the needs of beneficiaries/ give customers what they want
- Vision and innovation at a variety of levels (local, national and European)
- Being a source of inspiration
- Open minded
- A clear way of doing things
- Trust
- Position in the market
- Resilience
- Separating Governance and Management (Realising the roles are different)
- Being Different, not part of a chain/ being part of the social economy
- Location



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“It’s a meeting place for those and a chatting place as much ... tis a lovely place for people at home in the community who want somewhere to go ” (Ireland)

“I think it is because the organisation is so grounded in the community and it is a major employer in the locality.” (UK)

“The strengths of it are that it is getting really more solid all the time and we’re offering more facilities all the time. For instance, we fought hard we got back the post box in the village. You can now post a letter again ... – we can offer you to pay a bill you can get credit for your phone all that kind of thing from here ... We also have a public notice board outside. And people who were to sell anything they can put it up or if there’s a play or anything that’s happening - it goes up on the notice board. It’s a huge strength of the enterprise to be able to do that.” (Ireland)

“All of us really. I think the strength of the organisation is the people that work here ... and of course the Board.” (Ireland)

“The components are the strength of the social enterprise that give it its strength are: experience, idealism and competence. This lifeblood arrives at the top: they give us the strength to overcome the daily limits. The refugees’ stories motivate us, give us hope. Hope is the thread that links refugees and volunteers together. Also the credibility of the organisation is given to it by its experience. Few associations have dealt with immigration as long as we have, since 1985.” (Italy)

“The strengths of the organisation are the classic ones of social responsibility, and vocational thrust.” (Italy)

“The main thing what we have to do and what are we doing is to help people ... so all the time we are putting social things in the first place and then only in the second place commercial things.” (Lithuania)

“The main strength I believe is the volunteers who believe in our values ..... because of this we have really good name and we are giving good services” (Lithuania)

“I think the strength of organisation is that it is well known in Lithuania and well known in society.” (Lithuania)

“The main strength of the project is teamwork and focus on our goals. In addition, the formation of the operational plan, we plan step-by-step all project activities.” (Lithuania)

“Our general attitude is that the disabled employees are our strength and our advantage ... another advantage is the location of the café.” (Poland)

“We definitely pay a lot of attention to the high-quality of our products. That would be one of our strengths” (Poland).

“Our advantage is that we are here all the time. These external businesses – they just come, do what they have to do and disappear.” (Poland)

“The social enterprise’ strengths are that it is built on sound principles and values and responds directly to the needs of beneficiaries; it provides an integrated package of services - social, employment, educational, applying the principle of one-stop-shop; it has a team of highly trained and motivated people in the area where they work.” (Romania)

“In my opinion the difference between us and other organisations is given by the people who are involved.” (Romania)

“Our strength is our values, and that most of our partners have a clear way of doing things, we have a clear trust and leadership by people who are convinced that what we are doing is right”. (Spain)

“The fact that we are a cooperative and so involve people a lot is our strength.” (Spain)

“Start by listening to your customers and giving them what they want” (UK)

“Well the strength of the enterprise is the dedicated manager, the location and the natural advantages in the locality, very friendly, very family friendly and it is a pub for all.” (UK)

“A big strength of the organisation is the way in which we have separated out governance from management of the organisation and the recognition that the roles and responsibilities are different.” (UK)

“Well I mean the strengths of the place are that we are here and trading .. in terms of this business the key was to roll onto employing professional staff quite quickly after start-up. If we were not able to that then I do not think we would still be up and running as a social enterprise.” (UK)

“We at no time think that social economy companies are strange bugs or strange things, or that by definition we are less profitable, or more clumsy, or more incapable. We believe that the social economy model is a model for organizing businesses in a more sustainable and ethical way.” (Spain)

## Organisational Weaknesses

The participants in the SEDETT project case study interviews highlighted the following as areas where they considered they had organisational weaknesses:

- Lack of money
- Limited administration skills
- A perception that prejudice can preclude funding
- Funders/external organisations could create obstacle which made payment difficult
- Lack of objective guidance in the start-up phase
- Not being well known./limited profile
- Dichotomy of size as an organisational strength and a weakness (current organisational size)
- Ensuring volunteers are qualified
- Working on many different projects/ being prepared for when the projects end
- Lack of facilities and resources
- Difficulty planning projects as unsure who is going to facilitate them
- Lack of time to deal with orders
- Working with individuals not families
- Relying on a few large clients
- Higher operating costs
- Bureaucratic pressure
- Needing new people
- Needing new ideas
- Charging small fees
- Relying on tenders
- No time to look for new markets/clients
- Little time for marketing
- Need to expand the range of products on offer
- Be able to generate a volume of products
- Lack of willingness to get involved (due to lack of awareness of the social economy)
- Board of trustees/Governors not working well together



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“let me see .... lack of money I suppose could be a weakness...” (Ireland)

“And a weakness in our organisation is that we are basically very new and not very well known .. so for our clients we are not very well known.” (Lithuania)

“Sometimes it’s a weakness when you are really big because it is hard to look after.” (Lithuania)

“At the moment if we want to make sure that everyone who works here is qualified then it’s a little bit hard because of our big number of volunteer members.” (Lithuania)

“Sometimes it’s difficult to plan activities when you are not sure if any people will be able to be involved in....” (Lithuania)

“Our weaknesses include the lack of facilities and resources. It would be great if these premises were ours, it would be great to have some money in a bank...” (Poland)

“Our weakness is that we have no plan B: They are our one big client. We have other orders as well but they wouldn’t be enough if this order failed.” (Poland)”

“We have higher operating costs compared to other NGOs or companies that have employed people from vulnerable groups ... we have bureaucratic pressure to have all kinds of licenses /authorizations and permits for operating, which in fact just grow the workload of our employees and decrease the time spent actually working with beneficiaries.” (Romania)

“One of our main weaknesses is our small size and so we cannot extend to other regions and this makes us vulnerable.” (Spain)

“Well we have a core business, however just at the moment there is some doubt about that continuing due to a resubmitted tender that we are waiting to hear about. I am concerned about this as it is really core to our survival. If this order were to fall through then we have no plan B as I have had no chance to seek out other markets so yes I suppose this is a real weakness in our trading position too. As a small organisation we are strapped for resources and so there is no time to do any real marketing or looking for other clients. So yes I would agree that marketing, or rather the lack of any real marketing is an issue for a social enterprise as small as this one as we have no resources, ie manpower available to devote to this activity. There is a need to generate volume in terms of our products and that is becoming a real challenge.” (UK)

“A weakness could be personality clashes amongst the Board of Trustees but that has faded in recent times as the people concerned have now left the organisation.” (UK)

## Operational management and decision making

Management procedures within the social enterprises which participated in the SEDETT project case study interviews varied greatly. However, the findings from the interviewees suggest that there appears to be a general linkage between the formality of managerial procedures and organisational size. The formality of the management procedures also seem to be influenced by the sector in which the social enterprise operates. For example document management procedures are a requirement for the social enterprises in the care sector in Spain and Ireland.

Most organisations operated with a combination of formal and informal management and operational decision-making procedures. The hosting of regular meetings with staff and volunteers was utilised by all organisations who participated in the project in order to discuss management / procedural issues; and effectively deal with problems / challenges. A summary of formal and informal management procedures in the SEDETT project case study organisations are outlined in the following table.



**Table 2.1 Formal and Informal Management Procedures in the SEDETT Project Case Study Organisations**

Examples of Formal Procedures	Examples of Informal Procedures
meetings, possibly involving Board Members	Regular team meetings (staff and volunteers)
Dealing with authorities/health care bodies	When dealing with youth volunteers
Formal reports relating to finance and project administration	Informal communication style
Defined work goals	Informality allows flexibility and creativity
Attendance records	
Mandatory procedures such as health and safety	

Key management approaches utilised by management in the SEDETT project case study organisations include:

“... the management procedures are very informal.” (Ireland)

“Ordinary and operative decisions are made in an informal way ... we do a weekly meeting with all the workers and try to understand how things are going, if there are any problems, we solve them in a practical way.” (Italy)

“We have management and decision making procedures that are both formal and informal.” (Lithuania)

“I believe that there’s a balance ... formal and informal procedures have to be side by side. There is no one better way.” (Lithuania)

“For me it has to be one hundred percent informal procedures with youth volunteers because they still not understand all the legislations, they do not understand all the norms and whatever, they don’t care sometimes.” (Lithuania)

“Mostly management procedures are informal, except that some forms and reports need to be filled in order to ensure money flows and it is distributed appropriately.” (Lithuania)

“Mostly they are informal. I kept this style for a greater flexibility and need to stimulate creativity and professional growth of people in the management team.” (Romania)

“Formal, it's all procedural.” (Spain)

### Managing Change

Only two of the organisations mentioned the issue of managing change. Interestingly both organisations in Ireland and UK offered similar services to the community. Both CEOs discussed the initial attitudes of the community and the staff when they became the leader of the organisation, bringing with them a new style of leadership and new ideas:

“Because I was turning it into a community centre they rebelled and pushed and then they got together and they tried to get rid of me. So I had to go to mediation. I had hard times. Change they don't like it.” (Ireland)

“the tensions experienced were more to do with us asking staff to check and if necessary change the way they were working and for some of them to recognise that there was a direct link between the money they were bringing into the organisation and whether they were going to get paid or not. For some employees this change caused enormous problems – initially this required a change of culture and it was really difficult here for a while .... For instance we lost all but one member of staff in the nursery. We brought in new terms and conditions for employment as we had to change the culture of the place and this just did not go down well with the individuals concerned ... this change of approach caused real problems for a long time really and there was a feeling that there were good old fluffy days and then there were bad new days that I as chief officer had introduced. Given the support of key staff we changed the feeling away from it being seen as a battle between us and them to being seen as being a change from an old and to a new approach. As a result I think people now understand the link between money being generated and money being paid in wages and salaries.” (UK)

“... I think the culture change has now been achieved and so staff now just accept that this is what we do as it is a necessity of staying in business especially as they know the organisation is at risk at the moment as there are a number of our existing funding streams coming to an end... so actually everybody now understands that bringing new things to the table is a good thing” (UK)

### Operational Decision Making

Examples of data related to the approaches used to make decisions in the SEDETT project case study organisations are as follows,

“The manager has to have the power to make decisions. But, she hasn't the power to make all decisions ... d'you know an overall change that would have to be agreed by the board.” (Ireland)

“In terms of decision-making most of the decisions are kind of taken informally and then formally as they go through the board.” (Ireland)



“It depends of what kind decisions needs to be made. If it is a straightforward decision then I it by myself because I’m director I have right to decide and not to ask for the permission, but if decision is about “how are we going to use our profit”, then yes, we need to gather the board of organisation to consult with them and to have recipient involved in discussion to make sure we make the right decision.” (Lithuania)

“Usually we discuss and make a consensus (common decisions). We try to consider all proposals in order to ensure involvement of all people involved into this social business.” (Lithuania)

“Once a month, we meet with all the employees – they all can have their say .. as managers, we do our best to bear it all in mind as we make our decisions. Our style of organisational leadership is as democratic as possible. This is not to say, however, that we exert zero pressure on our employees – after all, we are a company and we need to make money, so of course we all need to be efficient in what we do.” (Poland)

“... we make decisions collectively. We are a small group, so it’s easy to convene a meeting. If sometimes we cannot agree then I have to make a decision. It’s natural. You cannot always agree with everyone.” (Poland)

“our decisions are made by a management team consisting of director of centers, communication and development director, program director, director of social economy department, human resources manager” (Romania)

“Organization decisions are taken at the level of the three people directly involved in the organization's activities, and decisions on action directions, principles of operation are taken in the general assembly where there are active volunteers.” (Romania)

“I think the separate management and governance structure fits quite well with the social enterprise model with which we work. It leads to very participative and clear decisions, where everyone is involved and has decision-making capacity.” (Spain)

“Every decision we make is based on return, taking the business forward and sustainability and the profit objective. You can call it surplus, but it is a profit motive.” (UK)



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## Operational Challenges

Key operation challenges faced by the SEDETT case study organisations include:

- Managing staff time; some days were busy, some days were quiet
- Balancing the monies
- Could feel like a constant struggle
- The need to keep improving
- Being flexible/adapting
- Difficulties in centralising functions as the operation expands
- Devising and implementing quality systems
- Implementing technology (apps, Point of Sales systems)
- Keeping the ethos/vision/mission as the organisation expands
- Managing staff with disabilities/medical conditions; adapting to their needs and releasing their potential. Supervisory levels for staff can vary
- No model solution to meet the needs of the SE when it started
- Trying to succeed against the odds

“The crowds. Because when I was in Dunnes in the canteen, we probably had 4 or 5 staff on, whereas here its’ hard to call it at times. You could have a huge, huge crowd here. And then you could be very quiet other days so it is hard to judge how much are staff needed.” (Ireland)

“You have to pay the bills. We have rent and staff to pay so it has to work ... we are literally breaking even. But it’s a constant struggle to keep that up. You know, you’re constantly working at it ...” (Ireland)

“Now that’s harder to do when you’re getting bigger and bigger. And we’re at the junction where we’ve taken work off them, rostering work, you know making it more centralised and that’s a challenge... So getting the right staff and getting the right ethos is going to be a bigger challenge.” (Ireland)

“We started out as a café – it seemed a logical starting point for us back then, but I think I’d start with a bakery now. A café requires more flexibility from our employees, which is sometimes a bit tricky for them and not all of them can easily handle that – in a bakery on the other hand all the activities are more pre-arranged, which makes it much easier for employees.” (Poland)

“Yes ... when we started this cooperative we had no models to rely on because there was nothing that would meet our expectations and needs. On the contrary: the assumptions we encountered as far as activating autistic people is concerned were rather obstacles we had to overcome. Others failed, so when I came to someone with this idea, I was told: “It didn’t work in the past and more significant organisations that you tried and failed, so it can’t work.” (Poland)

“Our model, although it has slightly changed already, assumed one healthy person per two disabled people. In fact, we had two healthy people and three disabled ... if there was a healthy person per each of my disabled workers, the costs of keeping these healthy workers...” (Poland)



## Spatial / geographical context

All the case study organisations who participated in the SEDETT project mentioned the importance of local stakeholders in the development and sustainability of the social enterprise. The immediate stakeholders are generally direct beneficiaries, insofar as they acquire goods and services from the social enterprise. These goods / services can be provided at a reduced cost to individuals from marginalised backgrounds. In some instances, the goods and services are being provided to the local community (particularly peripheral rural areas) as traditional businesses are no longer able to operate on a commercial basis. One prominent example is a community shop and tea-rooms in a rural village in Ireland. This social enterprise was established as a co-operative and it is owned by shareholders resident in the local community. The social mission of this social enterprise is to combat rural isolation and provide retail / recreational facilities in a community which has experienced significant socio-economic decline in recent years. The following articles provide a thorough description and analysis of key activities / functions of the co-operative

[Tipperary Star](#) (23 July 2015)

[Rural Community Retail](#) (2014)

On analysing the data, very few social enterprises operated across a large geographical footprint and often served local communities or specific target groups within a predefined space. However, one case study organisation operates at a regional level and had the flexibility to choose a location appropriate to its service requirements:

We were looking a site and in looking for a site it had to be not just a green field site in the middle of nowhere, now we did look at this sight, hindsight it's probably a better site, but it needed to be in a village with a pavement within the speed limit – no point in building it in the middle of nowhere' (Ireland).

It was evident from the interviews that the stakeholders / target groups for each social enterprise were unique albeit there was a very close connection with the social mission and values of the organisation. One prominent example is the social care sector as in several interviews it was evident that people with medical needs and / or disabilities have benefited significantly from the assistance provided by these social enterprises which operate within a localised catchment area: 'The whole milieu of people whose family members are affected by ASD. These are also people who at their individual level try to promote us; when they themselves run businesses they also support us' (Poland).

Beneficiaries of the Foundation are social youth with disabilities and other vulnerable groups who accesses social services offered through the Youth Club (accredited day care centres) and the Agency for Placement and Assistance at work (Romania).

## Summary

The data generated and analysed from the interviews conducted with the SEDETT project case study organisations reflect the lived experiences of practitioners on the ground. The interviews have highlighted the numerous issues that arise frequently with respect to operational management and have a significant impact on a social enterprise's sustainability.

## Conclusions

Fig. 2.1 illustrates the key factors and components / processes which directly impact a social enterprise in seeking to grow and become sustainable as business organisations. It further indicates that organisational leadership, human resource and operational management are significant issues that need to be considered by social enterprises when assessing their capacity for such development. The data generated and analysed from the interviews with the SEDETT project case study organisations reflect organisations of differing sizes, levels of maturity, sector of operation and geographic location across Europe and as such the findings can only be considered at a general level. Further work in these topic areas is required in order to measure the impact of each factor and component within specific organisational sectors.

**Fig. XX Initial conceptual model of factors affecting leadership, human resource and operational management in social enterprises**



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