

Developing Social Workers to Run Social Enterprises

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Abstract

Purpose: To explore the variables associated with the adaptation of social worker to the role of social entrepreneur.

Literature: Literature on the conflict inherent in institutional logics in hybrid organisations mostly focuses on the organisation level. The current research fills a gap in the literature by studying the conflict within the individual and identifying problematic competencies. Educators in SE programs can then design the curriculum to address these competencies.

Method: The financial performance of the social enterprise (SE) is used as an indicator of the adaptation. A quantitative survey was conducted among 42 social enterprise managers.

Findings: Years of SE experience and supportiveness for the practice of dismissing employees were associated with the adaptation.

Moreover, the pace of adaptation slowed around the end of the third year of SE experience. In those novice participants with less than three years of SE experience, both the year of SE experience and leadership skills were associated with the adaptation. In those experienced participants with three or more years of experience, only their supportiveness for the practice of reviewing productivity was associated with the adaptation.

Finally, when comparing the novice group and the experienced group, the mean of the leading skills changed significantly, but no significant change was found in the level of support for the three practices of dismissing employees, leadership skills, and reviewing productivity.

Research limitations: The association of these four variables (years of SE experience, dismissing employees, leadership skills, and reviewing productivity) with the adaptation to the role of social entrepreneur may not be generalized to situations outside Hong Kong.

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Acronyms

CIIF	Community Investment and Inclusion Fund
CSSA	Comprehensive Social Security Assistance
CSV	Creating Shared Value
ESR	Enhancing Self-Reliance through District Partnership Scheme
ERB	Employee Retraining Board
FPO	For-Profit Organisation
GDP	Gross Domestic Product
HAB	Home Affairs Bureau
HKCSS	Hong Kong Council of Social Services
HKCSS-HSBC- SEBC	HSBC and HKCSS Social Enterprise Business Centre
LWB	Labour and Welfare Bureau
NGO	Nongovernmental Organisation
NPO	Non-profit Organisation
OIT	Organism Integration Theory
SDT	Self-Determination Theory
SE	Social Enterprise
SIEDF	Social Innovation and Entrepreneurship Development Fund
SIE Fund	Social Innovation and Entrepreneurship Fund
SPSS	Statistical Package for the Social Sciences
SROI	Social Return on Investment
WISE	Work-Integration Social Enterprise
3E	Enhancing Employment of People with Disabilities through Small Enterprise Project

Glossary

Competence	Knowledge, skills, and attitudes
Supportiveness	The attitude towards a value, a concept, or a behaviour; especially the attitude for performing a practice in this research
Skilfulness	The capability needed to perform a practice; especially the capability of performing a set of skills for one of the four management functions (planning, organising, leading, and controlling) discussed in this research
Welfare minded	Social work educated or having social work experience
Welfare-minded worker	A welfare-minded individual who has no managerial experience, such as a social worker
Welfare-minded manager	A welfare-minded individual who has managerial experience, such as a social work manager
Business minded	Business administration educated or working in commercial enterprises
Business-minded worker	A business-minded individual who has no managerial experience
Business-minded manager	A business-minded individual who has managerial experience, such as a personnel manager, accounting manager, marketing manager, or sales manager, but does not necessarily have profit and loss responsibilities
Welfare-minded social entrepreneur	A welfare-minded individual who has social enterprise management experience
Business-minded social entrepreneur	A business-minded individual who has social enterprise management experience

Preface

Since 2003, I have been involved first as a donor to, and then a volunteer in, a social enterprise called Fullness Christian Vocational Training Centre¹ (Fullness). It employs teenage ex-prisoners and ex-addicts as apprentices in its auto service centre and hair salons. The aim is to help these individuals become reintegrated into mainstream society through the provision of vocational training and Christian faith. Though Fullness is a charity organisation, the auto service centre and the hair salons are profit-making businesses. In 2011, Fullness was one of the eight recipients of the first batch of Social Enterprise Awards from the Home Affairs Bureau of the Hong Kong government.

After retiring from Hewlett-Packard as a corporate vice president in 2006, I capitalised on my business skills to help local social enterprises in Hong Kong, which are mainly small enterprises. Initially I helped only Fullness, but then later assisted other social enterprises and social entrepreneurship-related platform organisations.

Since 2008, I have authored seven books related to social enterprises in Hong Kong. Since 2009, I have coached eleven social enterprises, including three of them through the Mentoring Scheme of the Enhancing Self-Reliance through District Partnership Program² under the Home Affairs Bureau.

From 2009 to 2012, I was a part-time lecturer for the course “Principles of Marketing for Non-profit Organisation”, part of the Master of Social Work program in City University of Hong Kong. From 2012 to 2013, I was a part-time lecturer for the course “Management of Social Enterprise”, part of the

¹ Fullness Christian Vocational Training Centre: <http://www.fullness.org.hk/>

² Enhancing Self-Reliance through District Partnership Program:
http://www.had.gov.hk/en/public_services/en_self_reli/index.htm

Bachelor of Public Administration program in the Hong Kong Polytechnic University School of Professional Education and Executive Development. Since 2012, I have taught a Qualification Framework level six course on “Management for Social Enterprises” in the School of Professional and Continuous Education of the University of Hong Kong. I also teach the course “Entrepreneurship Development” with the Master of Business Administration program in Hong Kong Baptist University as an Adjunct Associate Professor of its Business School.

Since January 2010, I have been one of the members of the Social Enterprise Advisory Committee,³ which is chaired by the Secretary of Home Affairs Bureau. In 2010, I co-authored for the Home Affairs Bureau a book titled *20 Business Strategies for Social Enterprise*, which is freely distributed to the public. In 2011, I was one of the task force members who provided input to the Bureau on Social Enterprise Training. This research endeavour sought to identify the practical knowledge and skills needed for social enterprise development in Hong Kong.

Since 2013, I have been a member of the Social Innovation and Entrepreneurship Development Fund Task Force of the second Commission on Poverty led by the Chief Secretary of Hong Kong Government. The charter of the Task Force is to use HK\$500 million from the Lotteries Fund to support social innovation and entrepreneurship. I am also a member of the Community Investment and Inclusion Fund of Labour and Welfare Bureau, which aims to promote knowledge about and formation of social capital. Approximately 10% of the projects supported by this fund take the form of social enterprises.

³ Social Enterprise Advisory Committee: http://www.hab.gov.hk/en/related_departments_organizations/asb50.htm
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Since my early retirement in 2006, I have been involved in social entrepreneurship as a donor, a volunteer, a coach, an investor, a writer, a lecturer, a policy maker, and a researcher through this EdD study. My identity and experience influenced both the design and the outputs of this research (Maxwell 2013:45).

Acknowledgements

First, I wish to thank my supervisors, Professor John Morgan and Dr David Murphy. Professor Morgan deftly guided me through the development of my thesis. He coached me on how to structure the thesis, recommended books and articles, provided invaluable comments on my work in progress, and continuously encouraged me throughout this process. Dr Murphy guided me to study self-determination theory as part of the literature review, provided advice on how to meet the requirements for ethical clearance of my study, and offered helpful tips on how to use the SPSS package and how to frame the results so as to cogently present my findings and analysis.

Second, I wish to thank Ms Susanna Chui, who is also researching social entrepreneurship. She lent me the journal *Academy of Management: Learning & Education*, Volume 11, Number 3, September 2012, which is a special edition titled “Educating Social Entrepreneurs and Social Innovators”. The article by Miller, Wesley, and Williams (2012) provided critical information about social welfare logic that informed my study. Ms Chui also helped me with proofreading. I also wish to thank my classmate in the EdD program, Mr Erico Chan, who showed me how to prepare the documents for ethical clearance of my study when I was totally stuck in the process.

Third, I wish to thank the former Secretary of Home Affairs Bureau (Hong Kong), Mr Tsang Tak Shing, who helped me gain access to the data collected for the Enhancing Self-Reliance through District Partnership Scheme in 2013. With these data, I was able to calculate changes over the years in terms of which social enterprises were profitable, which were operating at a loss, and which had ceased operations. This information then enabled me to calculate the social return on investment of the Scheme.

I also wish to thank the Chief Secretary, Mrs Carrie Lam, who later helped me gain access to the data for the Enhancing Employment for People of Disabilities through Small Enterprises Project. With these data, I was able to calculate the median life span of Hong Kong's social enterprises and their social return on investment. With these findings, misunderstandings about the social value creation capability and financial value creation capability of various organisations could be corrected, and the value of the research context was greatly increased.

Fourth, I wish to thank the members of the Fullness Social Enterprises Society. Since 2011, we have worked together in coaching social enterprises, co-teaching the "Management for Social Enterprises" course in Hong Kong University's SPACE College and the "Management of Social Enterprises" course in Hong Kong Polytechnic University's SPEED College, and engaging in other activities aimed at promoting social entrepreneurship in Hong Kong. These coaching and teaching experiences vastly improved my understanding of the struggles faced by existing and would-be social entrepreneurs.

Fifth, I wish to thank all 227 participants in the pilot survey and 323 participants in the final survey. Without their willingness to fill in the questionnaires, this research could not have been completed.

Lastly, I wish to thank wife, Sally, and my daughter, Clara. Both of them had previously accompanied me to the Nottingham Jubilee Campus when I had a supervision meeting there. During my seven years of studying in the EdD program, I often toyed with the idea of giving up, but it was Sally who kept encouraging me. Now I have finally reached the endpoint of that journey—that is, my full realization of the intrinsic satisfaction of learning and growth.

Chapter 1: The Research Problem

Introduction

The purpose of this research is to identify ways to inform the curriculum design for developing social workers to run social enterprises in Hong Kong, with the ultimate goal of increasing their commercial success rates. This chapter covers the reason for the research. It consists of two parts. The first part deals with the poverty problem in Hong Kong and explores how social enterprises can help alleviate poverty in a cost-effective manner. The second part considers the commercial success rate of the social enterprise as a factor affecting the sustainability and cumulative social impact of the social enterprise.

The Poverty Problem in Hong Kong

Hong Kong is a rich area, but one with many relatively poor people. According to the Census and Statistics Department, the Gini coefficient⁴ in Hong Kong has been deteriorating since 1996.

Table 1.1: Gini Coefficient and Unemployment Rate in Hong Kong

	1981	1986	1991	1996	2001	2006	2011
Original Gini Coefficient	0.45	0.45	0.48	0.52	0.525	0.533	0.537
Post-transfer Gini Coefficient				0.47	0.470	0.475	0.475

⁴ The Gini coefficient reflects the distribution of income. If the total income of the population earned by the cumulative percentage of the population shows a linear relationship, then the coefficient is zero, indicating total equality. Conversely, if the relationship shows a Lorenz curve, the Gini coefficient will increase up to the maximum of 1, which indicates maximum inequality. The definition of the Gini coefficient can be retrieved from the Census and Statistic Department's *Definition in Chinese*, on page 21: http://www.statistics.gov.hk/publication/stat_report/population/B11200452006XXXXB0403.pdf
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According to a news release from the Census and Statistics Department (2007),

Amongst all the selected economies, Hong Kong has a higher Gini coefficient, comparable to those of United Kingdom and Canada. Hong Kong is an open, city economy with a strong agglomeration of service sector activities which are highly developed and well diversified, employing workers with multifarious experience and skills. Given this nature, income disparity in Hong Kong tends to be greater than in those places with a preponderance of manufacturing and agricultural activities. Moreover, there is a common trend towards greater income disparity in many economies. Hong Kong is not unique in moving in this direction.⁵

Since 1991, Hong Kong businesses have sought to capitalise on the opening of the China market—a move that has exacerbated the problem of income inequality, or relative poverty, in Hong Kong itself. In the transformation of Hong Kong from a light industry-based economy to a service-based economy, many unskilled and less educated workers have been left out. Though the government provides labour-retraining courses, the skills targeted are appropriate only for low-level jobs. As Ngan⁶ and Li⁷ (Cheng 2007:540–542) explain, “Unemployment and underemployment are the major causes of poverty in Hong Kong”.

⁵ The Census and Statistics Department’s press release on household income study, dated 18 June 2007, can be retrieved from http://www.censtatd.gov.hk/press_release/other_press_releases/index.jsp?sID=1927&sSUBID=9033&displayMode=D

⁶ Raymond Ngan is an associate professor in the Department of Applied Social Studies in City University of Hong Kong.

⁷ Mark Li is an assistant professor in the Department of Social Work in Hong Kong Baptist University.

The First Report of the Commission on Poverty

The first Commission on Poverty,⁸ led by then Financial Secretary Henry Tang of the Hong Kong government, was formed in 2005. It represented a response to the rising levels of income poverty and disparity, with a mandate of understanding the root causes of the poverty problem and formulating policies for their alleviation. The Commission produced the *Report of the Commission on Poverty* (2007). According to this document (2007:14), if the effects of social benefits programs such as the Comprehensive Social Security Assistance⁹ (CSSA) provided by the government and taxation are taken into account, the share of Hong Kong's total income accrued by the 10% of households with the highest incomes dropped from 39% to 31%. In turn, the post-transfer income of the remaining 90% of Hong Kong households increased. The income of the lowest-deciles group improved from 0% to 3% of the total Hong Kong income as a result of the social benefits programs.

In 2012, the impoverished population in Hong Kong numbered 1.04 million people,¹⁰ representing 17.6% of the total Hong Kong population.

⁸ Report of the Commission on Poverty: <http://www.cop.gov.hk/eng/report.htm>; accessed 28 November 2011.

⁹ Comprehensive Social Security Assistance (http://www.swd.gov.hk/en/index/site_pubsvc/page_socsecu/sub_comprehens/) is provided by the Social Welfare Department as a safety net to those who cannot support themselves financially. It is designed to bring their income up to a prescribed level to meet their basic needs.

¹⁰ The Hong Kong Council of Social Services estimated the number of individuals living in poverty in mid-2012 to be 1.187 million in data published on 7 February 2013: <http://2011.hkcss.org.hk/channel/detail.asp?issueID=315>. A similar figure was cited by Frederick Fung, Chair of the Subcommittee on Poverty Alleviation, in the Official Record of Proceedings of the Legislative Council on 7 July 2010: <http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm0707-translate-e.pdf> p.208

Impact of Poverty

One impact of the poverty problem is the rising cost of the safety net provided to the needy. In fiscal year 1993–1994, Hong Kong’s total social welfare expenditure was HKD9.17 billion, accounting for 5.9% of the total public expenditure. In 2005–2006, it increased to HKD33.83 billion, accounting for 13.5% of the total public expenditure. In 2013–2014, it increased to HKD51.89 billion, accounting for 17.2% of the total public expenditure. Unemployment is a significant driver of the cost of safety net.

It is of particular concern that the proportion of CSSA expenditure on unemployment, low earnings, and single parent cases, which involve mainly able-bodied recipients, increased from 16% in 1994–1995 to 41.1% in 2004–2005. (Cheng 2007:545)

Economic globalisation has brought many benefits, but also some problems, especially in regard to employment rates. *The Economist*¹¹ reported that the global workforce increased from 2.3 billion in 1991 to 2.7 billion in 2001, and then to 3.1 billion in 2011. Out of this population, 7% were unemployed and 12% were employed part-time but wanted full-time work. The global employment-to-population ratio dropped from 62.3% in 1991 to 61.2% in 2011. Hong Kong has not been immune to the impacts, good and bad, of globalisation. While GDP growth has been strong and Hong Kong rates high on the Very High Human Development Index, its poverty population, including the large number of working poor, has been a social problem and will continue to be a structural problem attributable to the evolution of Hong Kong’s business sector.

¹¹ *The Economist* (10–16 September 2011), “The Future of Jobs: The Great Mismatch”, page 4 of the Special Report.
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Policies Related to Poverty Alleviation

The *Report of the Commission on Poverty* (2007: v) recommended five groups of policies to alleviate poverty:

- The first group of policies is related to the safety net and is delivered mainly through Comprehensive Social Security Assistance (CSSA), which provides for the basic needs to vulnerable groups and disabled individuals. CSSA involves a redistribution of wealth from taxpayers to the needy. Its effect is immediate, but taxpayers tend to balk if their burden is increased.
- The second group of policies focuses on helping difficult-to-employ individuals enter the job market through retraining.
- The third group of policies deals with social entrepreneurship development. Its purpose is to build a voluntary platform in which in the long run nongovernmental organisations (NGOs) in the civil society and the private sector will be the main players. The role of government, within these policies, is seen more as the pilot funder and facilitator in the initial stage.
- The fourth group of policies is based on the Minimum Wage Ordinance and transport subsidies, which raise the income of able, low-skilled workers. The minimum wage is also a kind of redistribution of wealth, but from employers and consumers (rather than government) to low-skilled workers. The Minimum Wage Ordinance became effective in Hong Kong in May 2011.
- The fifth group of policies comprises economic policies, which promote economic prosperity so that all can benefit, including both high-skilled and low-skilled workers.

Employment as a Potential Solution to Alleviate Poverty

The *Report of the Commission on Poverty* recommends promotion of self-reliance through employment:

For the poor with the ability to work, employment is core to alleviating poverty and achieving self-reliance. Not only does employment bring income and improve material well-being, [but] it also enhances the self-respect of the individual, encourages participation in the community, and instils a positive role model for the younger generation. There is a fairly strong consensus in the community for promoting work and self-reliance instead of assisting the able-bodied through welfare. (2007:19)

Employment is a key factor in poverty. It brings more than financial benefits for the beneficiaries—it also confers psychological benefits.

Full employment is also desirable for its social benefits. Unemployment entails high economic and social costs, leading to a permanent loss in output and a decline in labour skills and productivity. The loss of production and associated tax revenue can require higher public spending to support unemployment insurance. Long-term unemployment is also a serious threat to health (physical and mental) and to the quality of life (including children's education). And unemployment tends to be associated with an increase in crime, suicide, violence, drug abuse, and other social problems. Therefore, the social benefits of a job far exceed the private benefit—the wage. Jobs foster social stability and social cohesion, and decent jobs strengthen people's ability to manage shocks and uncertainty. Jobs, as a means of livelihood, strengthen human

agency and have value for families and communities. Secure employment has a high psychological value as well. (*Human Development Report 2014* 2014:94–95)

This commentary echoes the results of a survey conducted by the Office of National Statistics (2014: 18) in the United Kingdom, in which 45% of the jobless respondents rated their life satisfaction at or below 6 on a 0–10 scale, where 10 means completely satisfied. By comparison, only 20% of employed respondents rated their life satisfaction at or below 6.

Both the retraining program and the social enterprises policies established in Hong Kong contribute to the employment of those who are uncompetitive in the open market. The former achieves this goal through vocational training in the classroom, and the latter through on-the-job training in socially oriented businesses.

Social Enterprises as a Poverty Alleviation Policy

To contain the growing costs of the safety nets provided to the needy, the Hong Kong government is introducing a “welfare-to-work” program (also called simply “workfare”) to help able-bodied but socially disadvantaged groups gain employment; an estimated one third of safety net beneficiaries are able-bodied. This goal is to be realised through job creation by social enterprises, an approach recommended by the Commission on Poverty in 2007.

In Hong Kong, the Home Affairs Bureau describes social enterprises as businesses set up for a social mission:

There is no universal definition of social enterprise (SE). In general, an SE is a business [that seeks] to achieve specific social objectives such as providing the services (such as support service for the elderly) or products needed by the community, creating employment and training opportunities for the socially disadvantaged, protecting the environment, funding its other social services through the profits earned, etc. Its profits will be principally reinvested in the business for the social objectives that it pursues, rather than being distributed to its shareholders.¹²

Fisher¹³ (Chan, Chen, and Young 2010:11–12), the then Secretary of the Commission on Poverty, explained that the intention of the government was to have social enterprises solve “problems that the market fails to resolve or the government cannot resolve satisfactory”. He recalled that in 2007, 32% of the households receiving Comprehensive Social Security Assistance included adults who were employable, including single parents who had small children, people with low incomes, and currently out-of-work people. These individuals suffered from the structural unemployment that accompanied Hong Kong’s transformation from a manufacturing economy to a service economy; businesses in a service economy usually require highly educated staff. Fisher further explained that while social enterprises can help alleviate the poverty problem, the government’s concerns encompassed more than just social cost savings or reduction in wasted human resources—that is, it sought to help the disadvantaged achieve a dignified way of living, because work is an important element in the core values of Hong Kong (Chan, Chen, and Young 2010:15). From a broader perspective, social enterprises can bring about other positive outcomes, including growth of social capital and tripartite partnerships among the government, business, and civil sectors.

¹² “What Is Social Enterprise”: <http://www.social-enterprises.gov.hk/en/introduction/whatis.html>

¹³ Stephen Fisher was the Director of the Social Welfare Department of the Hong Kong government before his retirement. Before that, he was the Deputy Secretary of the Home Affairs Bureau and the Secretary of the Commission on Poverty.

In 2007, the Research and Library Services Division of the Legislative Council Secretariat published a report titled *Social Enterprise Policies of the United Kingdom, Spain and Hong Kong*.¹⁴ Spain was studied because of its success in using social enterprises to alleviate unemployment problem. According to this report:

The Spanish government has regarded the social economy as a tool to fight against unemployment, poverty and social exclusion. In Spain, the unemployment rate rose from around 2% in the early 1970s to more than 10% in the late 1970s, and reached a peak of 18.8% in 1998 [before falling] to 8.5% in 2006. According to the government, a major reason for the drop was the growth of the social economy. Statistics from the Directorate-General for the Promotion of the Social Economy and the European Social Fund reveal that, from 1996 to 2005, the social economy sector created a total of 420,000 jobs, representing a 67% increase, which was higher than the corresponding 41% growth in the overall labour market.

More importantly, social enterprises show a higher survival rate than small to medium-size business enterprises, with more than half of them being active five years after their initial setup (Li and Wong 2007:19; Kee 2014b).

According to Fisher (Chan, Chen, and Young 2010:11–12), the Hong Kong government classifies social enterprises into three types:

¹⁴ Simon Li and Thomas Wong (2007), *Social Enterprise Policies of the United Kingdom, Spain and Hong Kong*, Research and Library Services Division of Legislative Council Secretariat of Hong Kong Government: <http://www.legco.gov.hk/yr07-08/english/sec/library/0708rp03-e.pdf>; accessed 1 December 2011.
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- Social enterprises may be set up to employ the disabled or socially disadvantaged. In 2001, for example, the Social Welfare Department launched the “Enhancing Employment of People with Disabilities through Small Enterprise Project”¹⁵ (the 3E Project) to provide seed money for projects to hire the disabled. These projects were not originally called social enterprises when launched. Able-bodied but unemployed individuals are classified as part of the socially disadvantaged population, and were the target of the measures recommended by the Commission on Poverty. This is the Work Integration Social Enterprise (WISE).
- Large NGOs operate social enterprises as a way to earn profits as independent sources of funding to support their social services. This is the Plough Back Social Enterprise (PBSE).
- Some individuals, called social entrepreneurs, have visions of societal betterment and set up businesses to provide services or products to the needy at discounted prices. This is Subsidised Service Social Enterprise (SSSE).

Hong Kong Government Policies Related to Social Entrepreneurship

After the Asian financial crisis in 1998, the Hong Kong government introduced the Lump Sum Grant Subvention System as a major revamp of the public funding and the management of NGOs in the social sector in January 2001. Prior to this new policy, the government controlled the operation of the NGOs and reimbursed their expenditures. With the new policy, the government has better control over the subvention budget, while the NGOs have greater flexibility in their spending. At the same time, the Hong Kong government introduced the concept of social entrepreneurship so that the NGOs can earn part of the funding they need through their own business activities.

¹⁵ Information on “Enhancing Employment of People with Disabilities through Small Enterprise Project”, which was rolled out in 2001, can be retrieved from http://www.swd.gov.hk/en/index/site_pubsvc/page_rehab/sub_listofserv/id_enhancing/
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Concerns about the Business Performance of the Welfare-Minded

From 2007 to 2008, several studies examined concerns about the business skills of social enterprises. Li and Wong (2007:44) compared the problems faced by participants in the social enterprise sectors in Spain, the United Kingdom, and Hong Kong, and found the following common features:

- Poor understanding of the social enterprise by the public
- Lack of an appropriate legal framework
- Financing difficulties
- Insufficient business support

In addition, Hong Kong was identified as having “insufficient personnel with a business mind-set and experience in NGOs and the welfare sector, which operates social enterprises”.

In 2008, the Central Policy Unit¹⁶ (Tang et al. 2008: xiv–xv) reported constraints faced by NGOs in running the social enterprises:

- “Some SE managers pointed out the indecisiveness in NGOs—social workers from NGOs do not always follow decisions, particularly relating to the discipline of workers.
- There is some difficulty in changing the mentality of NGOs that pay too much attention to their social mission.

¹⁶ The Central Policy Unit (<http://www.cpu.gov.hk/english/index.htm>) was set up in 1989 “to provide advice on policy matters to the Chief Executive (CE), the Chief Secretary for Administration (CS), and the Financial Secretary (FS)” of the Hong Kong government.

- Social workers working for SEs lack the business knowledge and related mind-set, and they may not be able to survive in open-market competition after the first two years of using all the seed money.
- The specific abilities these NGOs lack include expertise in running a business, managing skills, and knowledge in formulating market strategies”.

Chan (2008:19) elaborated on the business-related challenges faced by social enterprises:

It is essential for the social entrepreneurs to strike a balance between social goals and economic goals in the social enterprises. The mind-set in need was almost claimed to be the biggest challenge to social enterprises. Even if the top management has the right mind-set, lots of efforts have to be made to convince the middle management or front-line staff of such beliefs.

The Hong Kong government has identified entrepreneurial thinking and related skills as one of the key success factors for social enterprise development. However, this need has been an issue ever since it was first pointed out in 2007. In his 2007–2008 Policy Address, Tsang (2007) explained, “We need to nurture more social entrepreneurs to achieve our social goals with entrepreneurial thinking and commercial strategies”. As the mind-set and skills of social workers have continued to be a constraint, Tsang (2009) announced in his 2009–2010 Policy Address, “We will encourage tertiary institutions to participate in nurturing social entrepreneurs”. However, the effects of this effort were not obvious. Once again in his 2010–2011 Policy Address, Tsang proclaimed, “We will introduce training program to nurture young social entrepreneurs”.

Thus both Tang and colleagues (2008) and Chan (2008) have pointed to SE operators' mind-set and business management knowledge as the main barrier in the development of social enterprises in Hong Kong. Tsang (2007), for his part, described this problem as a lack of entrepreneurial thinking and commercial strategies.

Morris et al. (2011:28) explain that entrepreneurship has both attitudinal and behavioural dimensions: "As a mindset or way of thinking, the entrepreneurial manager focuses on recognising opportunity, demonstrates healthy dissatisfaction with existing ways, and has a sense of optimism, places emphasis on the future and how things can be, and embraces change". According to Peter Drucker (1985: viii), entrepreneurship, like management, comprises a set of practices, as it is the behaviours that affect the business. The practices, in turn, are behaviours and activities based on theories and concepts. "Behaviourally, the entrepreneur is an innovator, takes calculated risks, is adept at 'bootstrapping' and leveraging resources, demonstrates 'guerrilla' skills in overcoming obstacles and getting more done with less, and perseveres in pursuing a vision" (Morris et al. 2011:28).

Given that most social enterprises are set up by NGOs, with social workers carrying out the operations and supervising responsibilities, the challenge is how to accelerate the development of social workers in terms of the needed thinking and skills.

Summary

Hong Kong has a serious relative poverty problem, at least judging by the Gini coefficient. Social enterprise policies have been included in the portfolio of policies addressing this problem. The work-integration social enterprises not only provide income to the socially disadvantaged, but the jobs also lead to psychological and social benefits (Chan, Chen, and Young 2010:15; Human Development 2014 Report 2014:94-95; Report of the Commission on Poverty 2007:19).

Nevertheless, concerns have arisen that the mind-sets and expertise of the NGO staff may sometimes be barriers to the business performance of their social enterprises. In particular, concerns focus on the mind-set and capability of the social workers (Chan 2008:19; Li and Wong 2007: 44; Tang et al 2008: xiv–xv; Tsang 2007).

Responding to this issue, the research objective of this thesis is to inform the curriculum design so as to develop social workers who can more deftly run social enterprises. The research question is *to explore variables associated with the adaptation of the social worker to the role of social entrepreneur*. Some of these variables may deal with the mind-set of social workers; others may focus on their capabilities.

Chapter 2: The Research Context

Introduction

This chapter reviews the statistics related to social enterprise development in Hong Kong. These statistics inform the research's exploration of the variables associated with the adaptation of social workers to the role of social entrepreneurs.

First, social enterprise-related policies are reviewed. These policies mainly focus on creating jobs first for disabled individuals, and later for socially disadvantaged persons. With this approach, the employees are also the beneficiaries. In other words, most social enterprises in Hong Kong are work-integration social enterprise, rather than subsidised-service social enterprises, plough-back social enterprises, or community-needs social enterprises. In the latter three models, the employees may not be the beneficiaries.

Second, the number of social enterprises is reviewed, as it affects the potential sample size. When the potential sample is too small, then the questionnaire design must take into account the balance between response rate and the quantity and sensitivity of information to be collected. The information needed for the present research was provided by the Hong Kong Council of Social Services, which has published Hong Kong's Social Enterprise Directory annually since 2007. The Directory also shows the breakdown of the types of businesses undertaken by the social enterprises, which provides an indication of the level of sophistication of the businesses as well as the skill requirements of the social entrepreneurs.

Third, the size of the social enterprises, in terms of both employees and revenue, is reviewed, because it affects the unit of analysis in the research. If the social enterprises are large organisations, then the unit of analysis should be the organisation. If they are small, then the unit of analysis should be individuals. The information for this aspect of the research is extracted from *Research Study on the Social Enterprise Sector in Hong Kong: To Capture the Existing Landscape of Social Enterprise in Hong Kong*, a report published by the Centre for Entrepreneurship in Hong Kong Chinese University and the HKCSS-HSBC Social Enterprise Business Centre. Moreover, the percentage of SEs that are either profitable or breaking even suggests the maturity of SE development in Hong Kong.

Fourth, the median life span of the social enterprises is reviewed. If the adaptation of the social workers to the role of social entrepreneurs takes much longer than the median life span of the social enterprises, then the “adaptation” might not happen. It is because more than half of the social enterprises cease to operate before they can adapt. On the other hand, if the median life of social enterprises is long, then adaptation might have really happened. The information for this part of the research is extracted from the article “The Blank Spots and Blind Spots of Hong Kong SE Policies” by Kee (Yanto Chandra & Linda Wong 2016).

It is not easy to start and run a business successfully, disregard of whether it is a commercial enterprise or a social enterprise. Therefore the concern about the business performance of social enterprises in Hong Kong must be qualified by benchmarking those ventures against the success rate of commercial enterprises. The results of the benchmarking affect the positioning of the curriculum informed by research results, marking it as “problem fixing” versus “further improvement”. The information for this aspect of the research is also derived from the article by Kee (2014).

Policies Related to Social Enterprises in Hong Kong

In Hong Kong, six policies may be cited as the basis for setting up social enterprises. The three main ones are “Enhancing Employment of People with Disabilities through Small Enterprise Project¹⁷” (3E), “Enhancing Self-Reliance through District Partnership Scheme¹⁸” (ESR), and “Social Innovation and Entrepreneurship Development Fund¹⁹” (SIE).

Policy: Promoting Employment of the Disabled

In 2001, Social Welfare Department brought the concept of social enterprises from Europe into Hong Kong. The government set up the 3E Project, which provides grants to charitable NGOs for the creation of small enterprises to employ the disabled. The total budget for the 3E Project was HKD254 million. The maximum grant per project is HKD2 million, but the average grant size is about HKD0.8 million. By the end of 2013, a total of 88 projects had been approved, with funding of HKD70 million, providing about 900 jobs. Of this number, 57 projects still survive.

¹⁷ “Enhancing Employment of People with Disabilities through Small Enterprise” project:
http://www.swd.gov.hk/en/index/site_pubsvc/page_rehab/sub_listofserv/id_enhancing/

¹⁸ “Enhancing Self-Reliance through District Partnership Scheme”:
http://www.had.gov.hk/en/public_services/en_self_reli/index.htm

¹⁹ I am a member of the Social Innovation and Development Fund Task Force.
2016-05

Policy: Social Enterprises

To formally kick off social enterprises development as a policy of the Hong Kong government to alleviate the relative poverty problems through job creation for disadvantaged groups, in his 2005–2006 Policy Address, Hong Kong Special Administrative Region Chief Executive Donald Tsang (2005) announced that

The Government will emphasise helping people capable of work to move from welfare to self-reliance. We will promote co-operation with all parties to further develop social enterprises, enhance the employability of the unemployed, and consider how our employment services and training program can supplement one another to tie in with this development.

In 2006, based on the recommendation of the first Commission on Poverty, the work-integration social enterprise (WISE) became one of policies for poverty alleviation. Its main concept is work-to-welfare, also known as workfare. The ESR Scheme was subsequently set up by the Home Affairs Bureau,²⁰ with a total budget of HKD300 million. The maximum grant per project is HKD3 million and the average grant amount is about HKD1.2 million. By the end of 2013, approximately 500 applications for funding through the ESR had been submitted, and 145 projects were approved, supported by a total of HKD170 million. The approval rate is about 29%. The ESR-funded projects created 2,500 jobs, with 125 social enterprises still surviving from the initial group. In 2015, the Financial Secretary added another HKD150 million to the ESR budget.

²⁰ I was a member of the Social Enterprise Advisory Committee, which was chaired by the Secretary of the Home Affairs Bureau and is charged with overseeing the social enterprise policy.
2016-05

Policy: Social Innovation

In 2013, the SIE Fund²¹ was set up under the second Commission on Poverty chaired by the Chief Secretary. As the name indicates, its purpose is to speed up social entrepreneurship development as well as to scale up individual promising social enterprise projects. The initial budget was HKD500 million. There is not a stated guideline on the maximum grant size, but the average amount per project is targeted at approximately HKD10 million, which is about 10 times the average amount given to ESR projects. By the end of 2014, the SIE Fund had approved four projects and allocated approximately HKD50 million to them.

First Report: The Number of SEs and Types of SE Businesses in Hong Kong

The Home Affairs Bureau sponsors the HSBC-HKCSS Social Enterprise Business Centre of Hong Kong Council of Social Services in publishing the Social Enterprise Directory on an annual basis.

The 2015 Social Enterprise Directory (www.socialenterprise.org.hk) lists 527 social enterprises in existence by the end of 2014. The compounded annual growth rate from 2007 to 2015 was 13.8%. The top three business types were food businesses (20.2% of the total), which include restaurants, catering, kiosks, health and organic food, and food and food package delivery; care and medical businesses (17.7%), which include medical services, rehabilitation and elderly-oriented products, patient escort services and elder care, and postnatal care and babysitting; and lifestyle businesses (17.6%), which include handicraft, beauty treatment, massage and acupuncture, travel, convenience stores, and retail stores.

²¹ Social Innovation and Entrepreneurship Development Fund: <http://www.povertyrelief.gov.hk/eng/siedft.html>
2016-05

Table 2.1: Number of Social Enterprises in Hong Kong, 2007–2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of Social Enterprises	187	222	269	320	329	379	404	457	527
Growth		18.7%	21.2%	19.0%	2.8%	15.2%	6.6%	13.1%	15.3%

The fastest-growing business type (growth rate of 43.1%) is education and training businesses. The second fastest-growing business type (growth rate of 13.8%) is eco-living businesses, which include green products, thrift stores, and recycling services.

The 2015 Social Enterprise Directory lists 102 social enterprises that are limited-by-share companies; if they have a parent organisation, they are also limited-by-share companies. Such businesses account for 19% of the total number of social enterprises. The remaining 425 social enterprises are either stand-alone non-profit organisations or businesses that are limited-by-share companies but whose parent organisations are non-profit organisations. These 425 social enterprises are the focus of this research, because they are either run by social workers or supervised by welfare-minded managers in their parent organisations.

In conclusion, the absolute number of the potential participants for the research is small. Furthermore, most SEs are in traditional businesses like restaurants and retail shops.

Second Report: Financial Performance of Social Enterprises in Hong Kong

In 2013, the Home Affairs Bureau²² commissioned the Chinese University of Hong Kong, together with the HKCSS-HSBC Social Enterprise Business Centre, to study social enterprises development. The report (Au 2014) was published in 2014 but most data were collected in 2013:

- Out of the 173 valid responses on the question of business structure, 75.3% were charity NGOs, and the remaining 24.7% were limited-by-share companies.
- Out of the 174 valid responses on the question of business type, 30.5% were in food businesses; 28.7% in lifestyle businesses; 21.3% in education and training businesses; 14.4% in business-support businesses; 13.8% in care and medical businesses; 12.1% in eco-living businesses; 8.0% in innovation and technology businesses; 6.9% in home businesses; 5.2% in clothing businesses; 4.6% in transportation businesses; and 4.6% in other types of businesses.
- Out of the 155 valid responses regarding income, 27.7% of the social enterprises had annual revenues less than HKD0.5 million; 17.4% between HKD0.5 million and HKD1.0 million; 35.5% between HKD1 million and HKD3 million; 6.5% between HKD3 million and HKD5 million; 7.1% between HKD5 million and HKD10 million; 3.9% between HKD10 million and HKD25 million; and 1.9% more than HKD25 million. The average revenue was approximately HKD2.85 million. By projection using the average revenue, the total revenue of the 457 social enterprises was HKD 1.3 billion.
- Out of the 174 valid responses on organisation size, 60.3% of the social enterprises had 10 or fewer employees, 32.1% had 11 to 50 employees, and 7.6% had more than 50 employees. In Hong Kong, the government defines small enterprises as those with 10 or fewer employees,

²² I was one of the members of the Social Enterprise Advisory Committee overseeing this research.

medium enterprises as those with 11 to 50 employees, and large enterprises as those with more than 50 employees.

- Out of the 159 valid responses on financial success, 1.3% had a big surplus, 31.4% were profitable, 30.2% were at the break-even point, 30.8% were operating at a loss, and 6.3% had a big loss. These percentages were based on those surviving social enterprises—that is, those organisations that had ceased to exist were not counted in the denominator.
- Out of the 174 valid responses on business purpose, 83.3% of the social enterprises aimed at creating jobs for the disabled or disadvantaged.
- Public awareness of “social enterprise” was 78.5% in a 2013 telephone poll, while a 2009 poll showed only 59% awareness of these businesses.

Based on these data, the profile of the average respondent is a work-integration social enterprise running either a food business or a lifestyle business, with fewer than 10 employees, having annual revenues of approximately HKD2.85 million, and operating at the break-even point. By comparison, the median revenue of UK social enterprises in 2013 was GBP287,000 (Frank and Chung 2013:12), or roughly three times that of Hong Kong social enterprises. In terms of profit and loss, 55% of the UK social enterprises were profitable, 18% were at break-even, and 22% were operating at a loss (Frank and Chung 2013:30). The profitable and break-even organisations accounted for 73% of the total UK social enterprises; the corresponding percentage for Hong Kong social enterprises was 62.9%.

In conclusion, the average SE revenue was HKD 2.85 million, 62.9% of the SEs were either profitable or breaking even.

Third Report: SE Life Span and Social Impact in Hong Kong

To assess the changes in profit and loss status for 145 projects funded by the ESR Scheme, Kee (2014) used the data supplied by the Home Affairs Bureau to construct Table 2.2. Table 2.2 provides three important insights. First, only one-fifth (19%) of the social enterprises were profitable when exiting from the funding period. Second, if those operating at a loss (81%) could keep the business going for two more years, they had a 38% probability of becoming profitable.²³ Therefore having sufficient cash flow and perseverance to survive the initial four to five years was important for a start-up. Third, if the government keeps scaling up the funding amount, then the overall portfolio of social enterprises will have a large portion of start-ups that are not yet profitable.

Table 2.2: Profitability and Survival Rate for ESR Projects over the Years

	End of Funding²⁴	1 Year after Funding	2 Years after Funding	3 Years after Funding
Projects ceased	0%	13%	20%	23%
Projects operating at a loss	81%	51%	30%	24%
Projects making a profit or breaking even	19%	36%	50%	53%

Next, Kee (2014) used the data supplied by the Social Welfare Department to calculate the median life span of the 3E projects, finding it to be 9.3 years. For comparison purposes, the only available data were from the Global Entrepreneurship Monitor 2007 Executive Report (Bosma, Jones, Autio, and Levie 2008:16), which had included the Hong Kong data in that particular year. According to this report, 5.7% of the Hong Kong population between 18 and 64 years old were nascent entrepreneurs, meaning they

²³ It is calculated as $(50\% - 19\%) / 81\% = 38\%$.

²⁴ The funding period of ESR projects was changed from two years to three years in 2011.

had been in that role for less than three months. Another 4.3% were new business owner-managers, meaning they had less than three years' experience in this role. Approximately 5.6% were established business owner-managers, who had more than three years' experience. In addition, 4.2% had discontinued, sold, or quit a business in the last 12 months (Bosma, Jones, Autio, and Levie 2008:32). Hence, the average years of existence of an enterprise in Hong Kong could be estimated as follows:

Total percentage of the population aged 18–64 owning a business / those ceasing ownership in one year:

$$(5.7\% + 4.3\% + 5.6\%) / 4.2\%/\text{year} = 3.7 \text{ years}$$

This value was only a proxy, because a business might be owned by two or more people. If one of them sold his share to the remaining partner or partners, the business would still exist. This situation could happen in both the numerator and the denominator of the preceding expression. Furthermore, although the results covered enterprises of all sizes, it was reasonable to assume that the small and medium enterprises would vastly outnumber the large enterprises. Hence the difference between years of existence of all enterprises was thought to closely reflect the years of existence of only the small and medium enterprises. In conclusion, the social enterprises in the 3E Project had higher survival rates than the average small–medium enterprises in Hong Kong.

Third, based on the median life span, Kee (2014) calculated the cumulative wage to the socially disadvantaged employees over 9.3 years as representing 720% of the initial investment.

In conclusion, the social enterprises in Hong Kong have better survival rates than the small–medium commercial enterprises and create significant social impacts in terms of the wages paid out to socially disadvantaged individuals.

Summary

The three reports informed the research in seven areas:

- In Hong Kong, most social enterprises are work-integration social enterprises, and the maximum number of potential participants for the research was identified as 457.
- Most SEs run traditional businesses, just like most small–medium commercial enterprises in Hong Kong.
- The average annual revenue of the SEs is HKD2.85 million.
- Approximately 32.7% of the surviving SEs are profitable, 30.2% are breaking even, and 37.1% are operating at a loss.
- Approximately 13% of SEs close by the end of their third year of existence, 20% close by the end of the fourth year, and 23% close by the end of the fifth year. Of the remaining 77% (i.e., the surviving SEs), 24% operate at a loss and 53% are either profitable or breaking even.
- The median life span of the SEs is 9.3 years, which is longer than the average life span of the small–medium commercial enterprises, though the median is not exactly equal to the average.
- For each dollar of government grants allocated for setting up a SE, the total wage to the socially disadvantaged employees over 9.3 years averages HKD7.2. This relationship confirms that the social enterprise is a cost-effective policy for poverty alleviation.

Chapter 3: Literature Review

Introduction

The purpose of this chapter is to survey the literature and experience overseas that can help the current research to explore the variables associated with the adaptation of the social worker to the role of social entrepreneur. The three elements in this research question are “social worker”, “adaptation”, and “social enterprise”. The key one is “social enterprise” because of two reasons. First, it is an emergent concept. Second, it is the core of this research. Latest journal articles in ProQuest and EBSCO are searched on topics related to social enterprises or hybrid models or social work management. A complementary source of knowledge is the handbooks on social enterprises published in or after 2006, including the handbook by Alex Nicholls and another one by Marthe Nyssens. Both were published in 2006. On the other hand, concept and knowledge about social work, business, management, and learning theories are more mature. Hence in addition to journal articles, textbook and classic book on these topics are reviewed.

This chapter is divided into five sections. First, there is a review of social enterprises, including relevant definitions, the family of related concepts, and development in different regions and countries.

Second, it seems that social workers are often reluctant to learn or apply management skills. Hence this chapter reviews the social work profession, as well as the history of management education and business management education in the social work curriculum. This discussion aimed at better understanding about the phenomenon in which social workers demur from management functions.

Third, social enterprises are hybrid organisations. They have to generate a profit and at the same time create a social impact. Successful social entrepreneurs, whether they come from a social work, commercial, or public administration background, will develop a set of new institutional logic that can be labelled as social entrepreneurial logic. The “adaptation” addressed in the research question deals with the transformation of social workers from a reliance of social welfare logic to an embrace of social entrepreneurial logic. Hence these two perspectives are reviewed in an effort to understand the starting point and the ending point of this journey of transformation.

Fourth, the process of adaptation requires the social worker to be aware of the new norms, willing to adopt them, and able to comply with them. Consequently, theories about motivation and transformation are reviewed.

Fifth, this chapter reviews scholars’ suggestions regarding social entrepreneurial education, and the value and limitations of these suggestions.

Finally, the theoretic underpinnings of this research are discussed. Based on this review, the research questions can be further fine-tuned, and the methodology and methods of this research can be better informed.

In summary, this chapter includes five sections, which focus on an overview of social enterprises, social workers and social work management education, the social welfare logic and the commercial logic, learning theories, and the theoretical framework of this research.

Overview of Social Enterprises

This overview covers the concepts of social entrepreneurship, the development of social entrepreneurship, and the challenges faced by social enterprises. The concepts discussed encompass the definitions of social entrepreneurship, social enterprise, and social innovation, as well as the relationships among social entrepreneurship, social capital, and social changes. The development section addresses what has happened in different regions. The challenges section focuses on concerns about the business performance of social enterprise.

Definitions of Social Entrepreneurship and Social Enterprise

Enterprise and Entrepreneurship

The word *enterprise* can be broken into “enter” and “prise”; the former means “transition from one place to another” and the latter means “to take up” (Barringer et al. 2010:6). Hence, “enterprise” means an undertaking of a venture into an unknown place.

In the 19th century, the French economist Jean Baptiste Say (cited by Drucker 1985:21) defined an *entrepreneur* as someone who “shifts economic resources out of an area of lower and into an area of higher productivity and greater yield”. Joseph Schumpeter (1939:100) emphasised the innovation part of entrepreneurship. Howard Stevenson highlighted the resourcefulness of entrepreneurs. Drucker himself explained that “the entrepreneur always searches for change, responds to it, and exploits it as an opportunity” (1985:28). While different foci are apparent in the various conceptualisations of *entrepreneurship*, such as opportunity exploitation, innovation, resourcefulness, and value creation, Jian (2011:128) summarises and defines it as new venture creation.

Social Entrepreneur and Social Entrepreneurship

J. A. Banks, in his book *The Sociology of Social Movements* (1972:53), first coined the term *social entrepreneur*, defining it as someone “who [sees] the possibility of using managerial skills directly for socially constructive purposes”. The desired end is societal betterment, and the means to that end is managerial skills. Social enterprise, therefore, is a hybrid of social services from the social sector and management skills from the business sector.

An example quoted by Banks (1972:23) is the work of Robert Owen (1771–1858), who set up “communities” that served as prototypes of the later-introduced co-operatives. Owen combined and used managerial practices to produce a new view of society (Banks 1972:52). Private ownership was replaced with democratic organisation of activities, and dividends on capital invested were replaced by the cash value of transactions by the members. These communities were a social innovation at the time.

Social entrepreneurship refers to the undertaking of a venture in the social arena, or more specifically an undertaking intended for societal betterment. It is a movement with a set of emergent models “offering hope for systematic, positive, social and environmental change” (Nicholls 2006: vii). The Oxford Saïd Business School defines social entrepreneurship as follows: “a professional, innovative and sustainable approach to systemic change that resolves social market failures and grasps opportunities”. Edwards (2010:19) notes, “[S]ocial enterprises are profit-making businesses established to tackle a social or environmental need” and “[S]ocial entrepreneurs are people who work in an entrepreneurial manner, but for public or social benefit, rather than to make money”. In Europe, the definition of social entrepreneurship has a different focus. The EMES European Research Network, which is a group of

researchers covering 15 European countries, defines social enterprises as “organisations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limit” (Defourny and Nyssens 2006:5). However, there is no universal agreement on the definition of social entrepreneurship (Dacin et al. 2011:1204).

Santos (2012) takes an approach based on value creation and value capture to provide a more precise definition. In his view, social entrepreneurs address neglected social problems, which generate positive externalities benefiting the powerless segment of the society through a sustainable solution with the logic of empowerment. The emphasis on the positive externality benefiting the powerless distinguishes social enterprises from commercial enterprises; the latter also create social value but their owners capture all the value created by pricing it as high as possible to realise the goal of profit maximisation instead of social impact maximisation.

Finally, the term *social work entrepreneurship* (Bent-Goodley 2002; Germak and Singh 2010) describes fee-based social welfare services operated as self-funded programs by non-profit organisation or for-profit organisations. Usually these programs are founded and operated by social workers. In contrast, SEs—especially those in Hong Kong—operate traditional businesses like restaurants or retail shops instead of marketing human services products.

Social Enterprise and Social Innovation

This thesis uses *social entrepreneurship* as an umbrella term, with *social enterprise* and *social innovation* as its two subsets. This usage is in keeping with Dees and Anderson’s (2006:40) proposal.

Social innovations are those ventures adopting innovative solutions for societal betterment; they may not

have a significant business income. Rowena Young elaborated that innovation is about allowing people to achieve more for less, or to solve problems that are otherwise unsolvable (Nicholls 2006:69). In contrast, *social enterprises* are business ventures that are set up to advance social missions. The hybrid nature of the social enterprise provides room for innovation, as the addition of social value creation transforms the ordinary commercial activities into meaningful activities due to the blended values delivered.

The input side of a social service involves soliciting funding; the output side deals with the social value creation. Social innovation focuses on greatly increasing the cost-effectiveness on the output side by applying entrepreneurial skills. Examples include the efforts of Teach for America²⁵ and the World Toilet Organization.²⁶ Social enterprises focus on earning the income needed on the input side of the social value creation process by applying entrepreneurial skills. Examples include the work done by Dialogue in the Dark²⁷ and Big Issue.²⁸

Both social innovations and social enterprises aim to create social value, rather than increase the personal wealth of the shareholders. This creation of something new implies that such ventures carry risks. Social innovation reflects the *social* aspect of social entrepreneurship, whereas social enterprise emphasises the *entrepreneurship* aspect. Nicholls (2006) defines social entrepreneurship as “innovative, social value creating activities that occur within or across the nonprofit, business, or government sectors”.

²⁵ Teach for America: <http://www.teachforamerica.org/why-teach-for-america>; accessed 24 September 2014.

²⁶ World Toilet Organization: <http://worldtoilet.org/>; accessed 24 September 2014.

²⁷ Dialogue in the Dark: <http://www.dialogue-in-the-dark.com/>; accessed 24 September 2014.

²⁸ Big Issue: <http://www.bigissue.com/>; accessed 24 September 2014.

Social Enterprise and Social Capital

Social capital is highly correlated with the success of social enterprises. At least one empirical study supports this argument. Sharir and Lerner (2006) evaluated 33 social ventures to identify common characteristics of successful ones. The three major criteria for success in their study were achievement of declared goals, ability to ensure program sustainability, and availability of resources for the venture's growth and development. Eight out of 15 proposed variables were identified as important, but the key factor for success was the social network of the social venture.

In *New Fontana Dictionary*, “social capital” is explained as follows:

An expression introduced by economist Glenn Loury in the late 1970s to capture the cultural preconditions of wealth precondition, especially the cognitive and social dispositions that enable individuals to acquire the skills for gainful employments. (Bullock and Trombley 2000:798)

In the 1980s, this concept was popularised by Pierre Bourdieu through the education system. It was then expanded by Robert Putnam based on its function in the economic development of a city. It was further developed by Francis Fukuyama in terms of its impacts on the differences among cultures in building long-term associations that are not based materialistic incentives.

According to Elinor Ostrom and T. K. Ahn, three broad forms of social capital—trustworthiness, network, and institutions—exist that encompass both formal regulations and informal norms. Of these three forms, “Trustworthiness is defined in terms of preferences that are consistent with conditional

cooperation even in the absence of material incentives” (Ostrom and Ahn 2003: xvi). The density of the network, the institution, and the trustworthiness all can enhance trust, which is itself defined as the belief about others’ intrinsic motivation (Ostrom and Ahn 2003: xx). It is *trust* that leads to actions and facilitates co-operation. Information flows more freely and transaction costs for co-operation are lowered when trust is present. Social capital, therefore, is an asset that can be converted into other beneficial forms of capital, predominately economic (Baker et al. 2011:22).

Social Enterprises Demand Social Capital

Traditionally, entrepreneurship has been viewed as a process by which individuals pursue economic opportunities without regard to the resources they currently control (Barringer and Ireland 2010:6). As most of the resources required by a new enterprise are beyond the control of the entrepreneur, it is important to have social capital. Las Hulgard and Roger Spear (Nyssens 2006:88) suggest that social enterprises often operate with even less control over their resources than commercial enterprises have. However, the lack of control “may possibly be compensated by the use of social capital”. Sharir and Lerner (2006) indicate that social entrepreneurs have good social networks and are able to leverage their social capital to ensure the success of their ventures. Social capital, then, is one of the strengths of social enterprises.

Examples of social capital on the input side of the social enterprise include social investors, knowledge volunteers or free consulting, ethical consumers, free media coverage, and opportunities for collaboration with commercial enterprises. These resources may be attracted by the social mission of the social enterprise. If utilised properly, they become a competitive edge in the market, resulting in better business performance compared to commercial enterprises.

Social Enterprises Generate Social Capital

Defourny and Nyssens (Nyssens 2006:10) advocate that social enterprises can achieve social capital goals, in addition to social goals, economic goals, and socio-political goals. For example, the communities created by Robert Owen were the prototype of co-operatives, in which democracy, trust, and sharing were developed and exploited for the benefit of all members (Banks 1972: 23).

According to Barker et al. (2011:35), “Social entrepreneurship is another dimension that creates space for inter-network activities and an impetus for network formation that underpins social capital development”. Edwards (2011:81) explains that the hybrid nature of social enterprise creates opportunities for innovation that can generate positive externalities and new market structure; social capital is one of these externalities. The opportunities for innovation include co-operation with various social, economic, and political organisations at the institutional level, and implementation of a democratic decision-making process, participative management, and trust and open culture at the individual level. According to Las Hulgard and Roger Spear (Nyssens 2006:85–105), the work-integration social enterprises in Europe generate two kinds of social capital—volunteerism and institution-based. Because the intrinsic motivation of a social enterprise is its social mission (i.e., to help those persons who would otherwise be difficult to employ), and because quite often the government or some other public institution is the sponsor, individual volunteers are attracted to the social enterprise.

Therefore, social capital is present in both the ends and the means of social enterprises. Social capital is instrumental to entrepreneurs for realising business gains, such as getting ideas, funding, connection, and resources (Barringer and Ireland 2010:55; Morris, Kurato and Covin 2011:322); conversely, social enterprise is instrumental to society in accumulating social capital at three levels—the micro level,

which is individual-centric; the meso level, which is institution-centric; and the macro level, which is society- or nation-centric (Halpern 2005:27). For example, in Hong Kong, about one tenth of the Community Investment and Inclusion Fund (CIIF) projects take the form of social enterprises.

Three Levels of Social Capital

At the micro level, social enterprises can provide a favourable working environment and a social support system for marginalised populations, until they can gradually become self-reliant (Ng et al. 2010:266).

At the meso level, Chell et al. (2010) argue that social enterprises enable the development of a special kind of social capital by providing an organisational structure or a business platform. Individuals who are concerned about a particular social problem or advocate certain logic can then join together for the purpose of committing effort and resources—much more than an ordinary volunteer can achieve—to realise their desired solutions. Resources are mobilised and economic values are generated because of the shared social concern, instead of in search of individual financial gains. Through this process, social capital is transferred from the private sphere to the public sphere. As an example of this effect, Diochon (2010:102) reports, “[N]ot only did Board members leverage their personal social capital in acquiring resources, but through the process the whole organisation itself developed social capital through the results achieved”.

At the macro level, Bull, Ridley-Duff, Foster, and Seanor (2010) argue that the current conceptualisation of social enterprises has missed the role modelling effect and ignored their contribution to the ethical standard of the society as a whole. The central driver for social entrepreneurship is the quest to address social problems in an innovative and entrepreneurial way. In support of their position, Bull et al. cite a 2016-05

2009 survey by the Social Enterprise Coalition, which concluded that social and community benefit is the key motivator of social entrepreneurs. In this survey, 45% of the respondents reported being motivated by “putting something back into the community” and 24% by “a better way to achieve social or environment goals; 32% had a core value of “helping the community” and 31% were “socially motivated”.

While commercial enterprises also have impacted these three levels of social capital, the intention of social enterprises to help marginalised individuals gain employment complements the government’s welfare policies. In addition, the modelling effect of social enterprises in “doing good by doing well” or simply “doing good well” offers at least food for thought for capitalists and economists on how to improve the current economic system and policies.

Social Enterprises and Creating Shared Value

In 2011, Porter and Kramer announced their concept of “creating shared value” (CSV) in an article in *Harvard Business Review*. In a review in *Academy of Management: Learning and Education*, Porter admitted that the success of social enterprises, which are “doing good by doing well”, triggered his idea of creating shared value, which focuses on “doing well by doing good”. “Social entrepreneurship is an important transitional vehicle toward the creation of shared value” (Drive 2012:421–431). Also in 2011, Saul’s book *Social Innovation, Inc.: 5 Strategies for Driving Business Growth through Social Change* advocated social enterprise as a means of succeeding in business.

Social enterprise is about doing good by doing well; its purpose is to effect social change. Creating shared value, in contrast, is about doing well by doing good; its purpose is to realise a financial profit.

Although the primary motivation for CSV is not the same as for SEs, its emergence reflects the proliferation of the SE concept as a new norm in the business sector. This is also a kind of macro-level social capital.

The Development of Social Enterprises

J. A. Banks first coined the term *social entrepreneur* in 1972. According to Shorts et al. (2009:192), who identified and reviewed 152 articles on social entrepreneurship in tier one journals, the earliest academic article on social entrepreneurship was published in 1991: “Policy Entrepreneurs: Their Activity Structure and Function in the Policy Process” in *Journal of Public Administration Research and Theory* by Nancy C. Roberts and Paula J. King.

In the 1990s, social enterprises started to attract the attention of governments and academics alike (Nyssens 2006:3). In 1991, Italy passed a law that governed the creation of a specific legal form for social co-operatives to fulfil social needs not met by public services. This new type of organisation experienced rapid growth. In 1992, the UK government set up the Social Enterprise Coalition and created the Social Enterprise Unit to promote social enterprises. In 1993, the Harvard Business School set up its Social Enterprise Initiative. In 1996, the EMES European Research Network, which includes researchers from 15 countries of the European Union, was formed as a network to research the emergence of social enterprises in Europe.

Since then and up to the early 2000s, academic researchers have mainly focused on defining what a social enterprise is, especially highlighting its difference from a commercial enterprise (Austin et al. 2006). The trajectory toward mainstreaming marginalised individuals was triggered by the first Skoll World Forum on Social Entrepreneurship, held in 2004. It was accelerated when Nobel Prizes were awarded to Wangari Maathai for her work on the Greenbelt movement, in 2005; to Muhammad Yunus for his development of Grameen Bank, in 2006; and to Al Gore for his environmental advocacy, in 2007 (Nicholls 2006:ix).

United Kingdom

In 2005, the UK government established a new legal form called a Community Interest Corporation for social enterprises. In 2006, it created the Office for the Third Sector within the UK Cabinet Office. In the same year, *Social Enterprise Journal* and *Journal of Social Enterprise* both started publication. *Journal of World Business* and *Journal of Entrepreneurship Theory and Practice* both produced special editions on social entrepreneurship.

Social enterprises are experiencing high growth in the United Kingdom, generating US\$30 billion in income in 2005 (Edwards 2008, 2010:48) and GBP215 billion in income in 2009 (Edwards 2011: 6). In 2010, the UK government promoted the concept of the Big Society, hoping that the mobilisation of voluntary resources would occur to address the country's social problems. However, this proposal was not well received by members of the civil services sector, who soon concluded that it was merely a cover for budget cuts due to the United Kingdom's financial difficulties.

According to *Standard Notes to the Members of Parliament* (Edmonds 2015), the “Third Sector in the UK includes mutual, co-operatives, credit unions, social enterprises, community interest companies and charities”.

European Continent

Chell et al. (2010) have studied the situation of social enterprises in Europe. In Denmark and Greece, there are limited numbers of social enterprises. In Germany and the Netherlands, social enterprises are similar to traditional non-profit organisations. In contrast, in Sweden and Finland, there are considerable numbers of social enterprises that do not differ dramatically from commercial enterprises because of those countries’ socioeconomic systems. In Italy, based on the tradition of co-operatives, thousands of social enterprises exist, especially work-integration social enterprises.

United States

On the other side of the Atlantic, according to Edwards (2008, 2010: x, 48), the scale of social enterprise in the United States is much smaller: This sector generated only US\$500 million in income in 2005.

Edwards argues that the hype surrounding social entrepreneurship and similar business approaches to social transformation has outrun its ability to deliver real results in the United States. He further suggests that “real transformation will occur when business behaves more like civil society, not the other way around”. Social enterprise can complement the market, but will not replace the market. Dey et al. (2010:101) echo Edwards’s scepticism on the promises of social entrepreneurship, and suggest that the success of this movement is more rhetoric than proven facts.

In 2010, McKinsey’s *What Matters* website on social entrepreneurs also published a series of short articles by Sally Osberg, Paul Light, Raj Kumar, and J. Gregory Dees that focused on the constraints of social entrepreneurship in scaling up organisations.

Differences among countries are affected by the level of development of the economic and social systems; the characteristics of the welfare system and the so-called third sector; and the government policies and legal systems. “At a global level, the overall figures for direct engagement with social entrepreneurship are significant lower, averaging between 1.6 percent and 1.9 percent depending on the region concerned and its level of economic development” (Edwards 2011:86).

The Stage of Development of Social Enterprises

From a life-cycle perspective, social enterprise development is still in the early stages. After the proof of concept was provided by Big Issue in the United Kingdom and by Grameen Bank in Bangladesh, many visionaries had high hopes for its growth and the corresponding social impact. However, the viability of social enterprises on a large scale—that is, the notion that ordinary professionals with additional training and support can also succeed in this area—has yet to be proven, because not many people believe that they can be an extraordinary person like Muhammad Yunus.²⁹ The current sluggishness in the growth of social enterprises indicates that this proof of large-scale application and viability has not yet solidified.

When social enterprise development is analysed through the framework of the technology adoption life cycle proposed by Moore (1991), one might say that the early innovators like Yunus proved the concept with some prototypes. Early adopters were attracted to further experiment with the application of the ideas and models in broader situations. However, the low success rate of the social enterprises has become a barrier dissuading many would-be participants from embracing this movement; they fear they will plunge into the chasm of failure rather than leap to the profitability side in triumph. Only after larger numbers have successfully crossed the chasm will Moore's "early majority" be attracted and development accelerated. In fact, similar sluggishness was observed when investors' attitudes changed from optimism about dotcom companies in the late 1990s to disappointment in 2001 when the growth of technology could not catch up with the expectations.

The success rate in the social enterprise field depends on the knowledge needed to manage the social enterprise. Short et al. (2009:166) compare the development of social entrepreneurship theory since

²⁹ Muhammad Yunus is the founder of Grameen Bank in Bangladesh and the 2006 Nobel Peace Prize recipient.
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1991 with the development of strategic management in its initial two decades, finding similar patterns in that both are characterised by a lack of predictive research and generalised details. Nicholls (2010), as editor of *Journal of Social Enterprises*, comments that while an ever-increasing number of scholars across countries are joining in researching and teaching on this subject, suspicion remains that it is just rhetoric or illusion, as the overall growth of social enterprises has been slow:

In a Kuhnian³⁰ sense, social entrepreneurship is still in a pre-paradigmatic state of development as a legitimate field of “scientific” study. There is little consensus as yet over the key research questions, appropriate methodologies, available data sets, or theoretical perspectives most suitable to identify and analyze social entrepreneurship. This is evidenced by the nature of much of the research to date on the subject that has entailed a good deal of debate over definitions and boundaries (much of it inconclusive) and extensive case study style analysis (and no little hero worship) but much less in the way of either large scale empirical analysis or rigorous theoretical development. As a consequence, social entrepreneurship in its pre-paradigm state suffers from the intellectual and resource constraints typically associated with early stage academic field development.

In summary, attention should be paid to the body of social enterprise management knowledge. Empirical research to develop better theories is needed.

³⁰ Thomas Kuhn coined the term “paradigm shift” in his book *The Structure of Scientific Revolutions*. The *New Fontana Dictionary* explains “paradigm” as the theoretical framework within which all scientific thinking and practices operate.

Learning from This Section

First, social enterprise is a hybrid of social services and business management. This hybrid nature leads to room for innovation and social capital formation. There are potentialities to be exploited here, yet challenges also remain. The social sector has its own social welfare logic; the commercial sector has its own commercial business logic. Likewise, the SE sector needs to develop its own social entrepreneurial logic.

Second, the development of social enterprise is still in its initial stages and there remain many opportunities to develop more understanding about the phenomenon. Only a few empirical studies on social entrepreneurship have been conducted to date. Short et al. (2009:162) searched leading management and entrepreneurship journals and “research-oriented journals in business and other fields using EBSCO, Web of Knowledge, ABI/INFORM, and Science Direct databases” and found only 152 articles on this topic. They concluded (2009:168) that there has been only minimal progress in theory development for social entrepreneurship since 1991.

Understanding Social Workers and Social Work Management Education

This section covers social work as a profession, the reasons why some social workers run social enterprises, their challenges in running such businesses, and the role of managerialism in the current concerns related to social enterprises run by social workers.

The Profession of Social Worker

Non-profit organisations are staffed mainly with social workers. Social work emerged during the 20th century (Morales et al. 2007:2) when industrialisation took place. The central themes underpinning social work include a commitment to societal betterment, a goal to enhance social functioning, an action orientation, supportiveness for human diversity, and a versatile practice perspective. According to the International Federation of Social Workers (Peters 2009:8–25):

The social work profession promotes social change, problem solving in human relationships and the empowerment and liberation of people to enhance well-being. Using theories of human behaviour and social systems, social work intervenes at the points where people interact with their environments. Principles of human rights and social justice are fundamental to social work.

Morales, Sheafor, and Scott (2010:xxii) explain, “The term *social* emphasises that the practice is concerned with enhancing the interactions among individuals and groups of people, as well as between people and the broader institutions of the society. The term *work* distinguishes a career of helping people from other important, but unpaid, volunteer activity”. They further elaborate that 10 competencies are needed to carry out the interpersonal helping tasks (2007:139):

1. Self-awareness and the ability to use self in facilitating change
2. Knowledge of the psychology of giving and receiving help
3. Ability to establish professional helping relationships
4. Understanding different ethnic and cultural patterns
5. Knowledge and application of a code of ethics as a guide to ethical practice

6. General understanding of individual and family behaviour patterns
7. Skill in client information gathering
8. Ability to analyse client information and identify both the strengths and the problems
9. Capacity to counsel, problem solve, and/or engage in conflict resolution with clients
10. Possession of expertise in guiding the change process

Impact of Managerialism on Management Competencies of Social Workers

Managerialism might look like a midway point between the social sector and the business sector, but in fact it is still quite far away from the latter. Reflecting on the development of demands for evidence-based social work practices and improvements in cost-effectiveness, as well as the shift in thinking among social workers, Bent-Goodley (2002) predicted that “social workers can be both entrepreneurial and ethical, and they are more than capable of managing a business”.

Managerialism as a reform movement in the social sector in the last decade has started to embed management concepts within social services. The paradigm of evidence-based practices in social work emphasises the cost-effectiveness of the intervention programs. While it begins to pay attention to means to improve outcomes, the deliberation still lags far behind the closed-loop control orientation found in the business sector. Cournoyer and Powers suggest:

[E]vidence-based practice . . . dictates that professional judgments and behaviour should be guided by two distinct but interdependent principles. First, whenever possible, practice should be grounded on prior findings that demonstrate empirically that certain actions performed with a particular type of client or client system are likely to produce predictable, beneficial, and

effective results. . . . Secondly, every client system, over time, should be individually evaluated to determine the extent to which the predicted results have been attained as a direct consequence of the practitioner's actions. (Cited by Howard, McMillen, and Pollio 2003)

The management function is about planning, organising, leading, and controlling. The first part of the preceding quote is about planning practices based on predictable, beneficial and effective results. The second part is about controlling results through evaluation. But “evaluation” differs from “monitoring”—the former is done after the fact like a post-mortem, while the latter is performed while there is still time for correction. Moreover, the rhetoric qualifying the evaluation is “over time”, which implies low urgency.

The National Network of Social Work Managers identified 10 competencies for managers in the social work field:

1. Contemporary social and policy issues
2. Planning
3. Program development
4. Financial development
5. Advocacy
6. Public and community relations and marketing
7. Governance
8. Evaluation
9. Human resources management
10. Staff development

The first four competencies are considered part of the planning function. The next three are part of the leading function. Under the controlling function, there is only “evaluation”. The last two competencies are part of the organising function. This list confirms that social work management gives a low priority to controlling results, whereas the intended control in the business sector places a high priority on profit, as making money is a survival issue for the commercial organisation. Managerialism increases social workers’ awareness of the importance of effectiveness, but the intensity and priority assigned to it still do not match those found in the business world.

Development of Management Education in School of Social Work

Drucker (1990: xiv) argued that the product of non-profit organisation was *changed human beings*. In the 1950s, he noted, non-profit organisations did not like the word “management” because they equated it with “business”. These organisations did not need business, they believed, because they did not have any *bottom lines*. They considered what they did to be righteous and moral, serving a good cause.

Healy (2002: 531) interviewed 34 social welfare managers in Australia on their perceptions of the threat and opportunities associated with progressive management practices in the *marketization* of human services as a public-sector reform. Two themes appeared in the majority of these interviews. First, social justice principles were the most important concerns for the managers. Second, they advocated participatory and consultative approaches to involving stakeholders, especially service users and service providers, in the management processes of social welfare services.

Patti (2003:3) argued that some management concepts were being studied in the early 2000s, including “political economy, total quality management, performance or effectiveness driven management, and competing values framework”. He also shared three recommendations for incorporating managerialism into the social work field. First, social work managers could acquire the necessary skills through exposure to mainstream management theory and education. Second, attention should be focused on linking intermediate attitudinal variables like job satisfaction and commitment to more terminal performance outcomes like service effects and service quality. Finally, the leadership role of social work managers should be expanded to include a unique perspective on human services management. He further explained this point:

In social work, my sense is that we need more in the way of synthetic or integrative scholarship at this point, scholarship that is heuristic and generates large ideas how human service managers can be successful. This kind of scholarship has come into question in many social work schools where current academic priorities often emphasize limited, focused, narrowly empirical investigations. This field needs quantitative research and more of it. (2003:6)

Smith (2012: 32) argued that hybridity is a theme of many of the initiatives support by the public sector. The immersion of non-profit organisations into the market, therefore, signals a push for innovation and resource development in this area. This shift to hybridity suggests the need for an “integrated model” for non-profit management education (2012: 35). As part of this evolution, performance management, social innovation, and social entrepreneurship are key forces transforming non-profit organisations and their relationship to public policy.

Mirabells and Young (2012: 55) studied the convergence of the social entrepreneurship education programs offered by schools of public administration and policy, schools of business and management, and the programs offered by religious-oriented institutions. Their major question was whether the curricula for these groups would remain distinct or would ultimately converse. These researchers found that the institutional location of a social entrepreneurship education program significantly influences its content. That is, while programs in schools of public administration provide more balanced content between social and business perspectives, the programs in business schools focus more on the business side.

Pache and Santos conducted a study on WISE in France, where the government subsidised, on average, 20% of the WISE revenue (Pache and Santos 2013:977). Hence the WISEs had two sources of revenue: (1) the income from selling products or services, which was associated with some gross margin, and (2) the subsidy from the government, which represented approximately 20% of the revenue but was all gross margins because there was no cost of goods sold. Pache and Santos compared four work-integration social enterprises, arguing that three strategies may be used to cope with the competing institutional logics in hybrid organisations. The first strategy is *decoupling*, which means the “organisations separate their normative or prescriptive structure from their operational structures” (Pache and Santos 2013: 974). The second strategy is *compromising*, which means the organisations behave in a way to the minimum standards of the conflicting demands. As a result, the organisations may not be able to achieve the best performance which they are capable. The third one is the *Trojan horse* strategy, which mainly happens in those organisations which have a strong background from commercial logics. They will chose to enact a majority of practices from the social welfare logic, in order to compensate for their lack of legitimacy.

They concluded that “hybrid organizations combine the competing logic in which they are embedded through selective coupling” (2013: 993).

Our study thus suggests that hybrids are characterized by a certain degree of reflexivity, spurred by the contradictions in which they are embedded. We provide evidence to the fact that, in the face of institutional logics that are competing over the long term, hybrids do not blindly comply with the cognitive frames into which their members have been socialized. In the field of work integration, hybrids with social origins were not trapped into mimicking social practices, just as hybrids with commercial origins were not cognitively constrained to replicate commercial practices. In contrast, our data suggest that hybrids selectively complied with institutional logic, echoing the concept of “strategic isomorphism”. (2013: 994)

The choices of hybrid strategies are also influenced by concerns about their legitimacy for government subsidy. In the SEs studied by Pache and Santos (2013), the two WISEs formed by prominent commercial actors were more strongly biased against the practices from the social welfare logic, due to their perceived lack of legitimacy. In contrast, the two WISEs formed by prominent social actors, who benefited from a priori legitimacy, were free to choose a combination of practices from the commercial logic and the social welfare logic. Their results also showed that they achieved excellent financial performance in their respective industries.

This research has three major implications:

- First, a possible impact of the subsidy in France was that it allowed the competing logics to persist. (In Hong Kong, government provides only the seed fund to set up the SE; there is no ongoing subsidy.)

- Second, this study focused on the social workers who are running SEs. Because of this background, they already have legitimacy in the eyes of the public.
- Third, hybrids subjected to conflicted logics are more reflexive—a tendency that links to the factor of critical thinking in transformative learning. According to Jack Mezirow's transformative theory (Mezirow and Taylor 2009:19), people under the pressure of conflicted logics is in a disorienting dilemma, which will lead to self examination and then critical reflection on one's own frame of reference. Finally an expanded frame of reference may be developed to cope with the challenges.

Motivation of Non-profit Organisations in Setting up Social Enterprises

Non-profit organisations perceive social enterprises as possible income sources. Germak and Singh (2009) examined the imperative for social workers to explore and engage in social entrepreneurship. They have concluded that social entrepreneurship currently is not an area of interest and expertise for most social workers. Nevertheless, they concluded, given the funding crisis in the US non-profit sector, social workers must embrace more entrepreneurial and business practices, including strategic planning, market research, and responding not to client needs but to client demands, which means needs supported by willingness and ability to pay. The pursuit of business income by non-profit organisations in the United States will enable them to be more independent from government contracts and earmarked charitable donations.

This is an echo of the similar comment by Shuman and Fuller (2005), who suggest that only by developing income streams from business activities can non-profit organisations reduce the influence of government and major donors on their operations and stay focused on the pursuit of their original

mission and long-term systemic changes. Pascal Dey and Chris Steyaert (2010:90) also suggest that the retreat of the state from funding NGOs is one reason why social enterprises have become viewed as solutions to societal ills.

Challenges Faced by Social Workers as Social Entrepreneurs

Bent-Goodley (2002) recalls that social work education institutes started to study social work entrepreneurship only in the early 1990s. However, this author notes, the “perceived incongruence between creating an effective business and maintaining professional ethics is an obstacle for entrepreneurship in social work”.

A 2005 *Harvard Business Review* article quoted a survey by Yale School of Management–The Goldman Sachs Foundation Partnership and a report by Community Wealth Ventures (CWV) on non-profit organisations. It noted that “between half and two-thirds of the ventures these organisations examined were either profitable or breaking even” (Foster and Bradach 2005:3). However, the respondents were suspected to be biased towards the successful ones; the accuracy of the data was also questionable because the results were self-reported.

Bridgespan selected a random sample of non-profits and supplemented its survey assessment of these ventures with interviews of executives at the organisations. In the survey, 71% of the non-profits reported a loss and 5% were at the break-even point. Of those 24% of non-profits that claimed to be profitable, half of them did not account for their indirect costs. Bridgespan cited three factors to explain the low success rate:

- Lack of business perspective, such as knowledge of hidden costs in production
- Reliance on indirect customers and philanthropic capital
- Escalation of commitment instead of cutting losses

This was not a study of the profitability of social enterprises, but rather research that reflected only the financial management capabilities of non-profit staff.

Austin, Stevenson, and Wei-Skillern (2006), had conducted a comparative analysis of commercial and social entrepreneurship using a prevailing analytic model from commercial entrepreneurship. They assert that social entrepreneurs tend to pay less attention to their business operations: “The fact that their mission involves the creation of social value may insulate social enterprises from the same type of punitive discipline that occurs in the commercial marketplace. There tends to be a greater forgiveness factor or margin for error among capital providers, particularly because social enterprise performance is so difficult to measure”. Moreover, the consequences tend to emerge rather slowly, at least from the angle of managing the performance of the social entrepreneur.

Germak and Singh (2009) explain that social work is a profession governed by ethics and values. In the United States, social workers must comply with the Code of Ethics of the National Association of Social Workers (NASW, 1999). Two examples of ethical dilemmas that may arise for these professionals are “commitment to clients” and “payment for services”. The former belongs to the social welfare logic and the latter the business commercial logic. In the first scenario, a social enterprise might be providing

services to marginalised groups when a short-term surge in demand occurs. The social entrepreneur may have to struggle with the question of whether to expand the organisation's capacity to cope with the needs and then write off the spare capacity built and the associated investment after the surge, or whether to ignore the surge and keep the capacity level, so as to minimise potential financial loss. The commitment to clients conflicts with the commitment to internal stakeholders, who may want any surplus to go towards growing the operation. In the second scenario, the social entrepreneur may have to decide whether clients with different purchasing power will be treated differently; at the extreme are clients who are unable to pay. Social workers tend to follow the "commitment to clients". But "payment for services" is a basic requirement for business to survive in the market.

Edwards (2008, 2010) argues that the social sector looks for ways to solve systemic problems in the long term through collective actions and, therefore, is comfortable with co-operation. The business sector, in contrast, looks for immediate materialistic results and prefers individualistic actions; hence it embraces competition.

All of these scholars discuss the problematic behaviours of social workers when they run businesses, but none has provided data on how these problematic behaviours might affect business performance. Even veteran businesspeople cannot guarantee their businesses will be always profitable. Some kinds of criteria or benchmarks for success are needed in the non-profit world as well.

Appreciation for Non-profit Organisations

While most theorists suggest that the social sector must learn from the business, Peter Drucker and Jim Collins have a different point of view. In *Managing the Nonprofit Organization: Principles and Practices*, Drucker wrote, “This book starts out with the realization that the non-profit institution has been America’s resounding success in the last forty years” (1990: xvi).

Drucker (1995:277) concluded that a well-managed non-profit could at least double the cost-effectiveness of a government agency in social services. As an example, he cited the superior cost-effectiveness of the Salvation Army as compared to government:

Two-thirds of the first-offenders paroled in Florida into the custody of the Salvation Army are “permanently” rehabilitated—they are not indicted for another crime for at least six years. Were they to go to prison, two-thirds would become habitual criminals. Yet a prisoner costs at least twice as much per year as a parolee in the custody of the Salvation Army. (Drucker 1995)

Drucker is an advocate of the strength and vast potential of non-profit organisations. His appreciation of non-profit organisations first appeared in his 1990 book, *Managing the Nonprofit Organization: Principles and Practices*:

The nonprofit institution neither supplies goods or services nor controls [them]. . . . The nonprofit institutions are human-change agents. Their “product” is a cured patient, a child that learns, a young man or woman grown into a self-respecting adult; a changed human life

altogether . . . They know they need management so that they can concentrate on their mission. Yet little is so far available to the nonprofit to help them with their leadership and management. Most of it was originally developed for the needs of business. (1990: xiv–xv)

In 1992, Drucker devoted three chapters of *Post-Capitalist Society* to non-profits, including the chapter “What the Nonprofits Are Teaching Business”. In 1993, in his book *Managing for the Future*, he wrote a chapter on “Citizenship through the Social Sector”, discussing the growth of social needs and ways to change both the community and the human being through volunteer as a citizen. In 1995, in his book *Managing in a Time of Great Change*, Drucker summed up his view: “It profits us to strengthen nonprofits”.

According to Collins (2005), great companies require disciplined planning, disciplined people, disciplined governance, and disciplined allocation of resources. Mediocre companies, however, rarely exhibit the culture or discipline found in great companies. “When you compare great companies with good ones, many widely practiced business norms turn out to correlate with mediocrity, not greatness” (Collins 2005).

Learning from This Section

Social workers are socialised to the code of ethics of their profession. They emphasise dignity, democracy, and autonomy and well-being of people. All of these concepts are people-oriented. In contrast, the commercial sector demonstrates a results orientation, focusing on profit maximisation. The managerialism in the social sector has brought the social workers closer to the market orientation, but a big gap between the social and business sectors persists.

The profitability data in the United Kingdom in Chapter 2 are valuable resources for analysing social enterprises. Nevertheless, no conclusion can be drawn about whether the financial performance of the UK social enterprises is good or bad, because there is no standard in this area. If the problem statement is “Do social workers perform worse than non-social workers financially?”, then the data must be divided into these two groups. If the problem statement is “Do social entrepreneurs deliver poorer financial performance than commercial entrepreneurs?”, then the profitability of commercial enterprises with similar size and business types must be available for comparison. There is an illusion that commercial enterprises are usually profitable and successful, because the exchange-listed companies usually are. The reality is they are listed on stock exchanges precisely because they are successful; their unsuccessful peers are not listed at all.

According to Austin, Stevenson, and Wei-Skillern (2006), social workers tend not to focus on business performance. Germak and Singh (2009) suggest that this orientation reflects the code of ethics of social workers. Edwards (2008, 2010) explains that social workers are good at building supporting systems, but not the control systems required for running a business. These comments are similar to the case made in Hong Kong (Chan 2008:19; Li and Wong 2007: 44; Tang et al 2008: xiv–xv; Tsang 2007). They describe problematic behaviours, but as yet no studies have attempted to correlate these problematic behaviours with poor financial performance. This relationship is one of the research focuses in this study.

Understanding the Social Welfare Logic and the Commercial Logic in Hybrid Organisations

Some authors have asserted that the lack of entrepreneurial thinking and skills among social workers is one of the barriers to the development of social entrepreneurship (Chan 2008:19; Li and Wong 2007: 44; Tang et al 2008: xiv-xv; Tsang 2007). Hence this section explores the institutional logic and competency aspects of social workers and social entrepreneurs.

Pache and Chowdhury (2012:497) describe social entrepreneurs as institutionally embedded in the logics of the social, commercial, and public sectors. Each sector has its own logic—“taken-for-granted norms and values that guide the behaviour of actors in the sector, provide them with prescription of goals appropriate to pursue, and means appropriate to achieve them”. According to Morales, Sheafor, and Scott (2012:124), values express what ought to be. A norm is what perceived as normal. Instrumental values are how one should or should not behave; terminal values are what one wants to achieve. The whole set of values that a person holds constitutes the value system that influences the individual’s decision making. It may change over time, however.

Pache and Chowdhury (2012) also elaborate on the goals of the social, commercial, and public sectors:

- The goal of the public sector is to ensure fairness across different levels of society.
- The goal of the commercial sector is to maximise surplus revenue from organisational activities.
- The goal of the social-welfare sector is to improve social conditions and relief suffering of beneficiaries.

The value system affects these goals and the means to achieve the goals. Their achievement will, in turn, reinforce or call for adjustments in the value system, creating a closed loop. In essence, there is a closed loop in the social sector, with the social worker inside it. Likewise, there is a closed loop in the commercial sector, with the businessperson inside it.

Santos (2012:348) also proposes a typology but expands the social sector into three subsectors—charity, social activism, and social entrepreneurship:

- The goal of the government (public sector) is to defend the public interest, and its dominant logic of action is regulation.
- The goal of the commercial entrepreneurship is to achieve competitive advantage, and its dominant logic of action is control.
- The goal of the charity is to support the disadvantaged population, and its dominant logic of action is goodwill.
- The goal of social activism is to change the social system by eliminating behaviours that bring negative externalities, and its dominant logic of action is political action.
- The goal of social entrepreneurship is to deliver sustainable solutions to address neglected positive externalities, and its dominant logic of action is empowerment.

In this section, four studies are reviewed that provide insights into the value systems of social entrepreneurs in non-profit organisations. The first study examines the priorities assigned to cognitive and personal attributes that agency administrators adopted during recruitment of social workers. This study, which was done by Seipel, Walton, and Johnson (2011), provides a profile of the social welfare

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logic. The second study was done by Bent-Goodley (2002) on social work entrepreneurship and deals with the training needed by the social workers who want to market human services products. The third study was done by Miller, Wesley, and Williams (2012); they summarise the competencies needed for social entrepreneurs based on the attributes of practicing social entrepreneurs. The last study, done by Sharir and Lerner (2006), focuses on the key success factors of social enterprises based on a sample of 33 social enterprises.

Study 1: Cognitive and Personal Attributes of Social Workers

Seipel, Walton, and Johnson (2011:445–461) surveyed 84 master of social work (MSW) program admissions chairs and 70 social services agency administrators on the importance of 49 cognitive and personal attributes in their selection of the candidate, either as a student or as an employee respectively. Attributes were rated on a scale from 1 to 7, where 7 meant “most important”. In the subsequent references to this study, the focus is on the ranking by the agency administrators (who recruit social workers), instead of the ranking by the admission chairs (who screen the applications of the MSW students).

Table 3.1 Survey Results on Cognitive and Personal Attributes of Social Workers

Attributes	AC	AA	Attributes	AC	AA
Ethical	6.64	6.60	Patient	5.35	5.66
Communication skills	6.17	6.58	Rational	5.70	5.64
Honest	6.51	6.55	Goal oriented	5.67	5.64
Use good judgment	6.32	6.39	Practical	5.47	5.64
Dependable	6.25	6.39	Confident	5.13	5.64
Accountable	6.18	6.38	Balanced	5.63	5.59
Teachable	5.89	6.33	Inclusive	5.90	5.52
Empathetic (social awareness)	6.20	6.29	Logical	5.54	5.49
Respectable	6.41	6.26	Innovative	5.30	5.49
Empathetic (emotional strength)	6.32	6.15	Assertive	4.95	5.48
Genuine	6.12	6.14	Write well	5.99	5.43
Flexible	5.94	6.11	Intuitive	4.62	5.42
Self-aware	6.19	6.09	Curious	5.59	5.39
Resourceful	6.06	6.08	Imaginative	5.15	5.32
Accepting	5.92	6.08	Analytical	5.54	5.19
Take initiative	5.73	6.07	Humble	4.48	5.02
Provide/follow instruction	5.77	6.04	Abstract thinker	5.22	4.69
Critical thinkers	6.52	5.99	Studious	5.29	4.64
Objective	5.74	5.97	Original	4.56	4.60
Cultural sensitive	6.36	5.95	Charismatic	3.61	4.51
Informed	5.73	5.94	Take risks	4.87	4.28
Optimistic	5.38	5.86	Good academic record	5.08	4.21
Organised	5.57	5.77	Spiritual	3.77	4.20
Fast learner	4.52	5.71	Good with numbers	3.86	3.59
Compassionate	5.93	5.70			

AC = admissions chair; AA = agency administrator

Source: Compiled by Kee Chi Hing based on data from Seipel et al. (2011), “Desired Characteristics for MSW Students and Social Work Employees: Cognitive versus Personal Attributes”.

Study 2: Social Work Entrepreneurship

Bent-Goodley defines the term “social work entrepreneurship” as “the creation of institutions through entrepreneurial thinking that are guided by social work ethics and based on the integration of social service, business, and public relation skills” (2002:291). Social work entrepreneurship markets “human service products to improve the satisfaction of clients and to increase the effectiveness of service organizations” (2002:294). It is not equivalent to social entrepreneurship, in which human services products like counselling or community development usually are not the main revenue-earning products but only part of the activities. Examples of social work entrepreneurship include private-practice counselling and group therapy.

To examine social work entrepreneurship, Bent-Goodley (2002) conducted a survey of 82 MSW students and 250 social work professionals. Based on content analysis of this survey and subsequent interviews, Bent-Goodley identified the following factors as important in social work entrepreneurship:

- Entrepreneurial thinking: how to visualise innovative opportunities and create business options
- Ethical dilemmas: how to choose between two actions that are based on conflicting values
- Forecasting: how to predict potential outcomes and consequences of trends and take proactive actions
- Risk taking: how to take calculated risks in creating better opportunities for clients
- Expert management: how to define performance standards, quantify outcomes, evaluate programs, and create management information systems
- Social marketing: how to market services, assess costs, and study clients and competitors
- Public relations: how to use media exposure to increase visibility

- Resource and alliance building: how to collaborate with diverse groups

Of these eight factors identified by Bent-Goodley, only four correspond to attributes identified in the study by Seipel, Walton, and Johnson (Table 3.1). The eight factors can be classified into three groups.

The first group includes “ethical dilemma” and “resource and alliance building”. “Ethical dilemma” corresponds to “ethics” in Seipel et al.’s list; ethics is the most valued attribute as well as the major concern when social workers run social enterprises. “Resource and alliance building” corresponds to the “resourceful” attribute, which is in the top third of Seipel et al.’s 49 attributes. The second group includes “risk taking” and “expert management”. Their corresponding attributes rank near the bottom in Seipel et al.’s list. The third group includes the remaining four factors that do not have any corresponding attributes in Seipel et al.’s list. They are off the radar of service agency admission administrators, but they must be added as factors for social work entrepreneurship.

Table 3.2 Correlation between Bent-Goodley’s Factors and Seipel et al.’s Attributes

Corresponding Attributes in the Study by Seipel, Walton, and Johnson	Bent-Goodley’s Factors
Ethics (rank = 1)	Ethical dilemma
Resourceful (rank = 14)	Resource and alliance building
Take risks (rank = 46)	Risk taking
Good with numbers (rank = 49)	Expert management
—	Entrepreneurial thinking
—	Forecasting
—	Social marketing
—	Public relations

Study 3: Competencies' Importance among Social Entrepreneurial Practitioners

Miller, Wesley, and Williams (2012:349–370) compiled a list of 35 competencies needed by social entrepreneurs based on the literature related to social entrepreneurs as well as to management, entrepreneurship, and non-profit management. Here competencies are defined as knowledge, skills, and attitudes needed to perform the job successfully.

A few observations can be made about Miller et al.'s list. First, some scores in their ranking reflect the backgrounds of the practitioners. For example, for-profit practitioners are more business-like, and non-profit practitioners are less so. Not surprisingly, then, the for-profit practitioners ranked “management of financial capital” as their number 1 priority, while the non-profit practitioners ranked it as number 7. The for-profit practitioners ranked “creative use of minimal resources”, which is about minimising costs, as their number 2 priority; the non-profit respondents ranked it as their number 13 concern. However, the non-profit practitioners ranked “capacity to measure outcomes” as their number 2 priority, while their for-profit peers ranked it as number 18. These scores reflect the respondents' differing backgrounds.

Second, some scores reflect the respondents' adaptation to their new role as social entrepreneurs. The non-profit practitioners ranked “sense of moral imperatives/ethics” as their number 16 priority; by comparison, in the Seipel et al. study, “ethical” was the number 1 attribute. A possible explanation for this lower priority in the Miller et al. study is that the respondents found some other competencies to be even more important in their new role. However, the for-profit practitioners ranked “sense of moral imperatives/ethics” as their number 8 priority, even higher than the non-profit practitioners. This reflects their transition from a commercial background to their new role in a social enterprise setting, and their consciousness of the need to mitigate their weakness in ethics.

Third, the non-profit practitioners demonstrated their adaptation to their new role in their ratings of the competencies “capacity to measure outcomes” (ranked number 2) and “management of financial capital” (ranked number 7). Both of these competencies require numerical competence (“good with numbers”), which was the least-valued attribute (ranked number 49 out of the 49 attributes) in the Seipel et al. study.

Fourth, if the scores assigned by the 93 practitioners in non-profit organisations and the 33 practitioners in for-profit organisations truly reflect the social entrepreneurial perspective, then this perspective appears to be more biased to the commercial mind. “Commit to helping people”, “empathy or compassion”, and “value social impact more than financial” are all among the-least valued of the 35 options.

According to Pache and Chowdhury (2012:495), “[W]e still lack a clear understanding of the way in which social entrepreneurship education may position itself vis-à-vis entrepreneurship education”. At present, social entrepreneurship education is built on entrepreneurship education. On top of it, the nascent social entrepreneurs must learn a variety of skills: how to create the desired social impact, based on the theory of change (“desire and ability to create a significant social impact”); how to interact with different stakeholders and utilise social capital (“ability to build community support”); and how to measure and report the social impact or social return on investment (“capacity to measure outcomes”).

Table 3.3 Importance of Different Competencies for Social Entrepreneurial Practitioners

Competencies Needed by Social Entrepreneurs	(A) Non-profit N = 93 Mean (Rank)	(B) For-Profit N = 33 Mean (Rank)	Gap B – A
Ability to problem solve	6.40 (1)	6.61 (2)	+.21
Capacity to measure outcomes	6.37 (2)	6.30 (18)	–.07
Ability to lead/develop others	6.36 (3)	6.42 (11)	+.06
Ability to communicate with customers, suppliers, and stakeholders	6.35 (4)	6.45 (9)	+.10
Ability to build effective teams	6.34 (5)	6.61 (2)	+.27
Interpersonal communication skills	6.29 (6)	6.58 (5)	+.29
Management of financial capital	6.28 (7)	6.73 (1)	+.65
Ability to develop collaborative relationships	6.20 (8)	6.45 (9)	+.25
Management of strategy development	6.20 (9)	6.52 (6)	+.32
Ability to sell and/or market the organisation	6.16 (10)	6.52 (6)	+.36
Ability to make decisions based on relevant information	6.14 (11)	6.33 (15)	+.19
Ability to build community support	6.12 (12)	6.21 (21)	+.09
Creative use of minimal resources	6.12 (13)	6.61 (2)	+.49
Innovativeness and creativity	6.11 (14)	6.33 (15)	+.22
Social skills	6.09 (15)	6.30 (18)	+.21
Sense of moral imperatives/ethics	6.08 (16)	6.48 (8)	+.40
Ability to create/evaluate feasibility/implementation of a business plan	6.08 (16)	6.39 (12)	+.31
Identification, evaluation, and exploitation of opportunities	6.04 (18)	6.33 (15)	+.29
Desire and ability to create a significant social impact	6.04 (19)	6.24 (20)	+.20
Ability to challenge traditional ways of thinking	6.02 (20)	6.36 (13)	+.34
Management of employees	6.02 (20)	5.94 (29)	–.08
Optimism	5.99 (22)	6.09 (24)	+.10
Willingness to take risks	5.97 (23)	6.18 (22)	+.21
Confidence in the ability to succeed at challenging tasks	5.96 (24)	6.36 (13)	+.40
Conflict resolution skills	5.95 (25)	6.18 (22)	+.23
Ability to commit to a collective purpose	5.93 (26)	6.00 (26)	+.07
Commitment to helping people in need	5.86 (27)	5.97 (27)	+.11
Cultural awareness	5.84 (28)	5.79 (31)	–.05
Ability and desire to grow the organisation	5.78 (29)	5.91 (30)	+.13
Management of logistics and technology	5.63 (30)	6.03 (25)	+.40
Management of administrative work	5.54 (31)	5.97 (27)	+.43
Empathy or compassion	5.54 (31)	5.73 (32)	+.19
Ability to develop volunteers' support	5.52 (33)	5.09 (35)	–.43
Ability to identify social problems	5.51 (34)	5.72 (33)	+.21
Value social impact more than financial returns	5.26 (35)	5.21 (34)	–.05

Source: Compiled by Kee Chi Hing, based on data from Miller, Wesley and Williams (2012), “Educating the Minds of Caring Hearts: Comparing the Views of Practitioners and Educators on the Importance of Social Entrepreneurial Competences”. The original table consists of data from 150 practitioners, including 93 practitioners in non-profit organisations, 33 practitioners in for-profit organisations, and 24 practitioners from hybrid organisations. This table includes only the non-profit and for-profit data.

Study 4: Success Factors of Social Ventures

Very little empirical research has been performed to identify success factors for social enterprises. An exception is the study by Sharir and Lerner (2006), who evaluated 33 social ventures to identify common characteristics of successful ones. These authors used three criteria for “success”: achievement of declared goals, ability to ensure program sustainability, and availability of resources for the venture’s growth and development. Eight of the 15 proposed variables were identified as important, with 13 of the ventures meeting all three criteria, 8 meeting two criteria, and 12 meeting only one criterion (Table 3.4).

Table 3.4: Results of Sharir and Lerner’s Study of Key Success Factors for Social Ventures

Variables (Total count in the 33 ventures)	Group A Ventures that met 3 success criteria (N = 13)	Group B Ventures that met 2 success criteria (N = 8)	Group C Ventures that met 1 success criterion (N = 12)	Group A’s Frequency Divided by Group C’s Frequency
The venture’s social network (28 out of 33 ventures)	100.0%	75.0%	75.0%	1.3
Previous managerial experience (15)	53.8%	50.0%	33.3%	1.6
Total dedication to promoting the venture (22)	92.3%	50.0%	50.0%	1.8
Capital available at the establishment stage (20)	84.6%	62.5%	33.0%	2.6
The venture staff at the establishment stage (17)	76.9%	50.0%	25.0%	3.1
Acceptance in the public discourse (18)	76.9%	62.5%	25.0%	3.1
Market test of the venture’s service (13)	61.5%	37.5%	16.6%	3.7
Long-term co-operation with other organisations (15)	69.2%	50.0%	16.6%	4.2

Source: Compiled by Kee Chi Hing based on data from the article by Moshe Sharir and Miri Lerner, “Gauging the Success of Social Ventures Initiated by Individual Social Entrepreneurs”, *Journal of World Business* 2006; 41:6–20.

A few observations can be made about the current research by contrasting the performance of Group A and Group C on the variables. To simplify the contrast, the ratio of the performance on the variables by Group A to the performance of Group C is listed in the right-hand column of Table 3.4.

- “Long-term co-operation with other organisations” is the variable with the highest contrast, but “the venture’s social network” has the lowest contrast. While both variables are related to social capital, the former requires competence to establish a formal relationship and the latter can be informal. In other words, while social capital is an important means of supporting the social enterprise, most social entrepreneurs are good at mobilising social capital at the personal level but not at the institutional level.
- “Market test of the venture’s service” and “acceptance in the public discourse” have the second and third highest contrasts, respectively. Both relate to marketing and sales competencies. Moreover, “previous managerial experience” is an attribute that few members of Group A or Group C have.
- “The venture staff at the establishment stage” and “capital available at the establishment stage” reflects the resourcefulness of the entrepreneur. They are also expected to be key success factors for social entrepreneurship.
- “Total dedication to promoting the venture” is an attribute that 92% of cases in Group A and 50% of cases in Group C cases exhibited. Thus, it is an attribute that most social entrepreneurs have, but less of a differentiating factor between success and failure.

The competencies identified in Sharir and Lerner's study are evident in successful social enterprises, including alliance-building competency, which ensures long-term co-operation with other organisations; marketing competency, which is essential for rolling out services deemed acceptable by the market as well as articulating the desirability of these services to the public; and resourcefulness, including the ability to assemble a venture team and acquire sufficient capital in the establishment stage.

Learning from This Section

Table 3.5 shows the relationships among the four studies. It can be used to identify the changes in the value systems of social workers as they move into their new roles as social entrepreneurs.

Table 3.5: The Journey of a Social Worker Going to Run a Social Enterprise

Competencies of Social Workers	Competencies of Social Entrepreneurs
(1) Ethical	(16) Sense of moral imperatives/ethics (↓)
(8) Empathetic (social awareness)	(19) Desire and ability to create a significant social impact (↓)
(10) Empathetic (emotional strength)	(32) Empathy or compassion (↓)
(25) Compassionate	
(34) Innovative	(14) Innovativeness and creativity (↑)
(46) Take risks	(23) Willingness to take risks (↑)
(49) Good with numbers	(2) Capacity to measure outcomes (↑)
	(7) Management of financial capital (↑)

Source: Compiled by Kee Chi Hing, based on the studies by Seipel, Walton, and Johnson (2011) in the left column; Miller, Wesley, and Williams (2012) in the right column; the red colour in the right column means the priority of the competence has dropped as compared to the similar competence in the left column; the blue colour in the right column means the priority of the competence has increased as compared to the similar competence in the left column.

The left column in Table 3.5 shows the priorities assigned to some key personal and cognitive attributes by 70 social services agency administrators when recruiting social workers (Seipel, Walton, and Johnson 2011). The administrators identified a total of 49 attributes, but only seven are shown in Table 3.5, along with those attributes' rank among the original 49 competencies. The right column in the table depicts the corresponding competencies that were identified by 93 social entrepreneurs in non-profit organisations as being necessary in the curriculum for social entrepreneurs. These social entrepreneurs identified a total of 35 attributes, but only seven are shown in Table 3.5, along with those attributes' rank among the original 35 competencies.

Three sets of observations can be made. First, three attributes in the left column drop in priority in the right column, meaning the importance of these attributes declined among the social entrepreneurs. Four of them move upward, indicating that these attributes are more important for social entrepreneurs than for social workers. Collectively, these trends provide a good indication of the major differences between the social welfare logic and the social entrepreneurial logic.

- The biggest drop is for “empathetic (emotional strength)”, which ranked 10 out of the original 49 competencies on the left, which corresponds to “empathy or compassion”, which ranked 32 out of the original 35 competencies on the right; this drop is about 71%.³¹ The “compassion” attribute matches up with the “empathy or compassion” attribute; it drops about 40% from left to right.

³¹ The formula is $32/35 - 10/49 = 91\% - 20\% = 71\%$. The purpose is to normalise the change so that the changes can be compared.

- “Ethical” is ranked number 1 in the left column but drops to 16 in the right column; this drop is about 44%.
- “Empathetic (social awareness)”, which ranked 8 out of the original 49 competencies on the left, corresponds to the attribute “desire and ability to create a significant social impact”, which ranked 19 out of the original 35 competencies on the right. The drop is about 38%.
- “Good with numbers” is ranked least important in the left column, but corresponds to “capacity to measure outcomes” in the right column, which ranked 2 out of the original 35 competencies, and to “management of financial capital”, which ranked 7 in the right column. Thus “good with numbers” changes from being the least valued competency for social workers to being one of the most valued attributes for social entrepreneurs.
- “Innovative”, which ranked 34 out of the original 49 competencies in the left column, rises to 14 out of the original 35 competencies on the right, where it is phrased as “innovativeness and creativeness”—a 29% increase in priority.
- “Take risks”, which ranked 46 out of the original 49 competencies on the left, corresponds to “willing to take risks”, which ranked 23 out of the original 35 competencies on the right. The increase in priority from social workers to social entrepreneurs is 28%.

Second, out of the eight factors proposed by Bent-Goodley (2002) for inclusion in the curriculum for training social work entrepreneurs, seven of them—“entrepreneurial thinking”, “ethical dilemma”, “forecasting”, “expert management”, “risk-taking”, and “resource and alliance building”—can be associated with related competencies for social entrepreneurs. “Social marketing” as an attribute for social workers does not match up with a proposed competency for social entrepreneurs.

Third, of the eight key success factors that Sharir and Lerner (2006) identified for the 33 social ventures (Table 3.4), only three correspond to competencies identified by Miller, Wesley, and Williams (2012) for social entrepreneurs: “long-term co-operation with other organisations”, “acceptance in the public discourse”, and “the venture’s social network”. These three factors are all kinds of social capital. Success factors that do not have related competencies are “previous managerial experience”, “the venture staff at the establishment stage”, “capital at the establishment stage”, “total dedication to promoting the venture”, and “market test of the venture’s service”. The first two are types of human capital; the third is a form of financial capital. These differences arise because the Sharir and Lerner study focused on organisation, while the Miller, Wesley, and Williams study focused on people’s competencies.

In summary, within the social sector, social workers have their own logic and corresponding social work practices. These ways of working are applied to meet their goals, as stated in the form of performance criteria for a non-profit organisation. The survey by Seipel, Walton, and Johnson (2011) provides clues about this logic.

When social workers have to run a social enterprise, however, they also have to engage in business practices, which are means to meet the business goals; these goals are mainly stated in terms of profit and revenue. Given their social welfare orientation, social workers may not be ready to such a new business-focused perspective at this point. The conflict between the new expectations for their performance and their old mind-set may create a lot of frustration and a need for extrinsic motivation to complete the adaptation. This adaptation process is also an integration process between the two ideologies.

Over time, social workers' social welfare logic is likely to grow broader in their new role in SEs, evolving into a more expansive social entrepreneurial logic that can accept both the social work practices and the business practices. In turn, social value and economic value can be created at the same time. The study by Miller, Wesley, and Williams (2012) provides clues about this new social entrepreneurial logic.

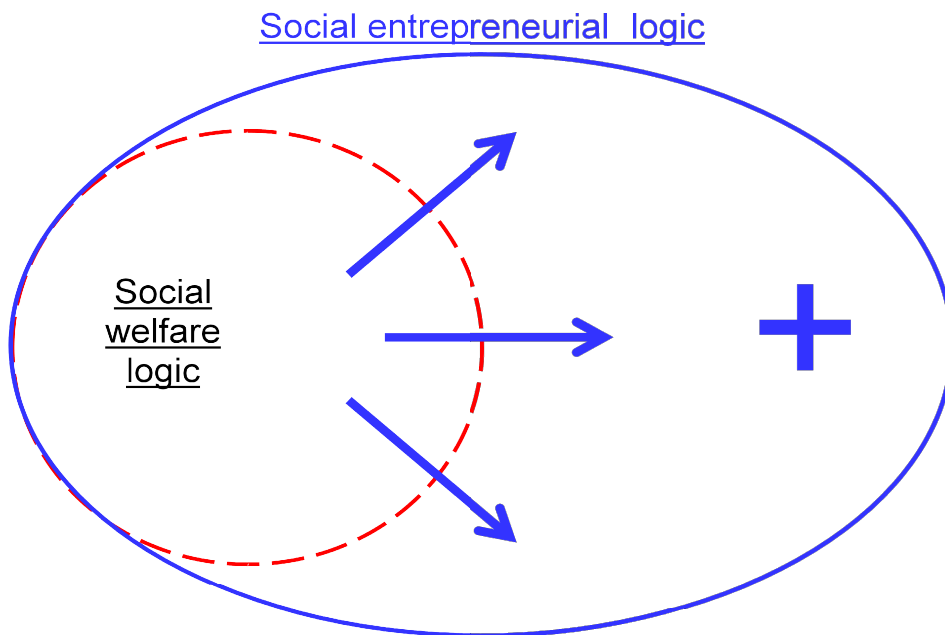
As a result of the adaptation process, the priority assigned to “empathetic (emotional strength)” will be lower in a relative sense because values with even higher priorities will be embraced. For example, the priorities given to compassion, ethics, and empathetic (social awareness) will decline. This drop in priority and accompanying emotional upheaval can be a disorienting experience that may engender reluctance among social workers to run social enterprises.

In contrast, the importance of the “good with numbers” competency jumps from the bottom to near the top when social workers find themselves engaged in a more business-oriented venture. This reprioritisation may also produce a disorienting experience among social workers who feel incapable of managing financial data. Finally, some social worker attributes, such as “resourceful”, can transition to a social entrepreneur competency, such as alliance and partnership competency, without much problem.

Figure 3.1 shows the myriad changes created by the transition from the social welfare logic to the social entrepreneurial logic. When social workers become social entrepreneurs, some of the original attributes that are valued in the social welfare logic, such as “honest”, may be perceived as irrelevant and be abandoned in the new business-minded logic. Other attributes, such as “empathetic (emotional

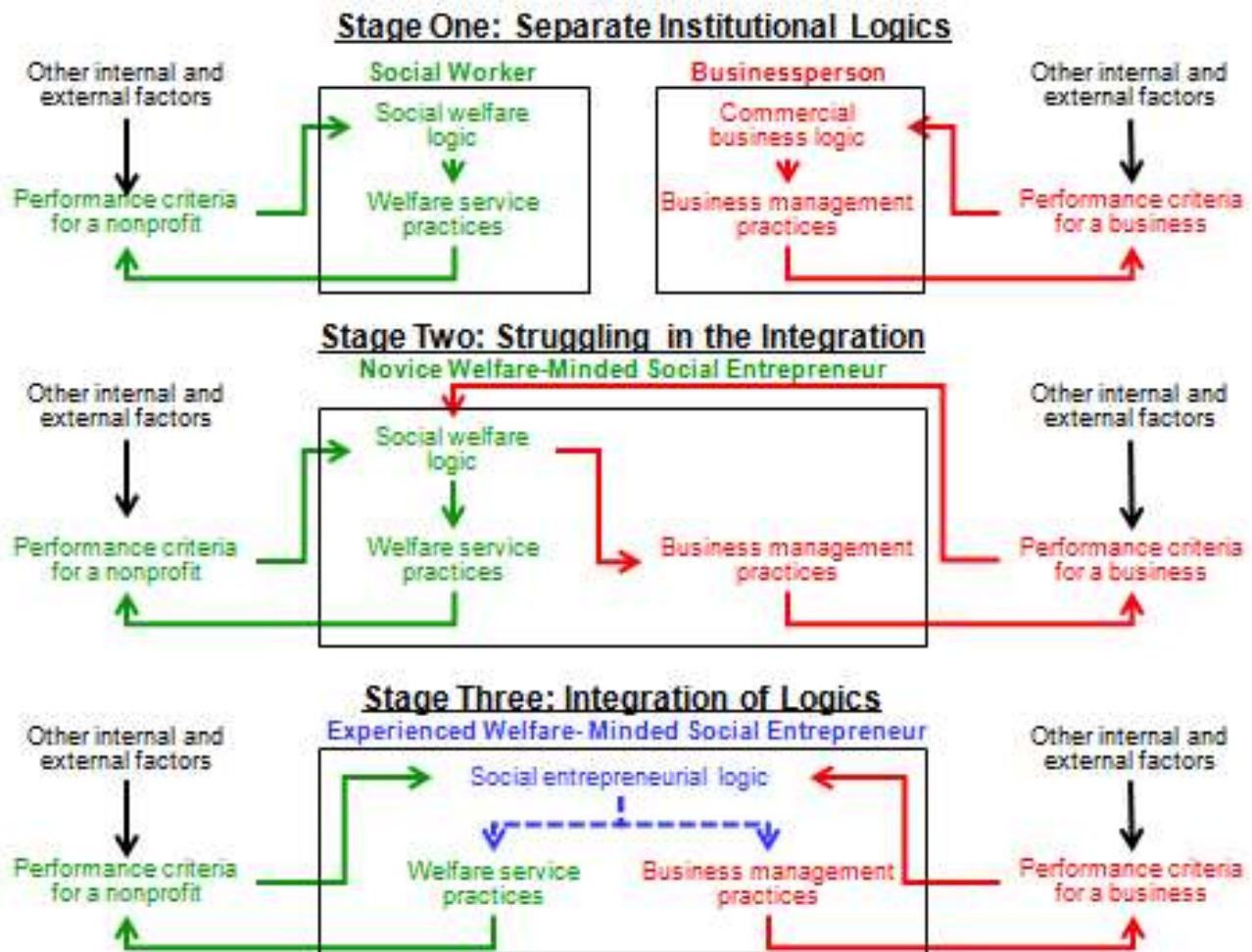
strength)", "compassion", "ethical", and "empathetic (social awareness)", will decline in importance. Still others, such as "good with numbers", "innovative", and "take risks", will increase in importance. New values, such as "ability to lead others", may move in and assume a high priority. Finally, some values, such as "resourceful", will keep their ranking in importance.

Figure 3.1: The Transition from Social Welfare Logic to Social Entrepreneurial Logic



The transition process is outlined in Figure 3.2.

Figure 3.2: The Struggle of a Social Worker Going to Run a Social Enterprise



In stage one, the social worker is socialised into the social welfare logic during his social work education or during his career in the social sector. This social work logic supports the welfare service practices like counselling, community development, and policy advocacy. The social worker's achievements are evaluated based on performance criteria like number of cases handled and closed. This trio of logic, practices, and performance evaluation is very different from the trio observed in the commercial sector.

In stage two, the social worker starts to run a social enterprise. In this new role, he may struggle with the business practices and the idea of performance evaluation based on financial terms. This conflict occurs because the welfare-minded person who is used to the social welfare logic must now adopt business practices that are aligned to the business management logic. In some areas, such as when disciplining or dismissing employees, the difference between the two logics is so vast that it may affect the willingness of the welfare-minded individual to implement the business practices. This reluctance, in turn, affects the business performance of the social enterprise.

In stage three, the social worker may go through a critical assessment on the assumptions which underpin his frame of reference, and explore options he may have to manage the conflicts. Finally he may adapt to the new social entrepreneurial logic, as well as the two sets of practices and the two sets of performance evaluation or the combined social return on investment.

The research described here is intended to elucidate problem areas and inform the curriculum for developing social workers to run social enterprises. Thus, it focuses on changing the habits of mind (Taylor and Cranton 2012:83) of the social workers who will run social enterprises. The next section explores the theories and dynamics of the mind-set changes needed, so that a theoretical framework for this adaptation of social entrepreneurial logic can be developed later.

Scholars' Suggestions on Social Entrepreneurship Education

According to Pache and Chowdhury (2012:494), “In 2011, more than 500 faculty were reported to be involved in social entrepreneurship teaching in a variety of institutions across the globe, ranging from business schools to public policy schools or schools of engineering”. These authors go on to state that social entrepreneurship education suffers from a lack of a clear theorising.

This section reviews the suggestions made by three groups of scholars.

- Boschee (2006) emphasises how to move away from the non-profit zone.
- Bull, Ridley-Duff, Foster and Seanor (2010) address how to move into the for-profit zone.
- Fargion, Gevorgianiene, and Lievens (2011), who refer to the work of Collins, Smith, and Hannon (2006) on commercial entrepreneurship and Bent-Goodley’s work in 2002, explain the transition from the non-profit zone to the social enterprise.

Their suggestions are then compared to identify commonalities and differences.

Suggestions on Training Needs of Social Workers Running Social Enterprises

Focusing on [developing](#) social workers to run social enterprises, Jerr Boschee (Nichols 2006:356–390) proposed a set of critical success factors:

- Candour
- Courage

- A willingness to plan
- The separation strategy
- Clarity of purpose
- Core values
- Building the right team
- Strategic marketing
- Viability first, not mission
- Focus
- Customer service
- Quality
- Aggressive pricing
- Strategic partnership

This list includes specific challenges to the non-profit organisation based on the experiences of practicing social entrepreneurs, such as separating the social enterprise from the parent non-profit organisation, prioritising viability when in conflict with the social mission, staying focused, having the courage to take and manage risks, and being more aggressive in marketing and pricing.

In 2006, Bull (2006) commented that the management skills shortcomings of social entrepreneurs include marketing, finance, and decision making, among others; these are difficult issues for participants in this sector to master. Four years later, in their analysis of social enterprises through an economic lens, Bull, Ridley-Duff, Foster, and Seanor (2010) concluded that social enterprises set up by non-profit organisations must focus more intently on three areas:

- Management systems
- Quality standards
- Marketing

These are systems and processes with which novice social entrepreneurs usually lack familiarity or have difficulty building.

Based on their literature review related to the purpose of social work education, Fargion, Gevorgianiene, and Lievens (2011) conclude that successful entrepreneurship requires five abilities:

- Ability to identify opportunities
- Creativity
- Ability to acquire the needed resources
- Willingness to take risks
- Ability to implement the plan

These five characteristics are exactly what some textbooks on start-up entrepreneurship cover. While these authors go further to respond to comments about the “perceived” incongruence between the professional ethics of social workers and the effectiveness of businesspeople, they also explain that differences in the values of social workers and businesspeople do not mean those values are mutually exclusive.

Table 3.6 compares the training recommendations made by the previously mentioned scholars. The following discussion highlights a few observations in the table.

Table 3.6 Comparison of Training Recommendations from Different Scholars

	Bent-Goodley (2002)	Boschee (2006)	Bull et al. (2010)	Fargion et al. (2011)
Specific challenge to non-profit	Ethical dilemma	Viability first, not mission Separation strategy Focus		
Entrepreneurship	Entrepreneurial thinking	Courage Candour		Opportunity Creativity Risk
Management	Strategic planning	Clarity of purpose	Management systems	Resource Implementation
	Forecasting	Core values		
	Expert management	Willingness to plan Building the right team		
	Social marketing	Strategic marketing	Marketing	
	Public relations	Strategic partnership		
	Resource/alliance	Aggressive pricing		
		Quality Customer service	Quality standards	

Source: Compiled by Kee Chi-Hing from articles by Bent-Goodley (2002); Boschee (2006); Bull, Ridley-Duff, Foster, and Seanor (2010); and Fargion, Gevorgianiene, and Lievens (2011).

First, the challenge of the ethical dilemma (i.e., the difficult choice between an action that is based on social work values and an action that is based on business values) suggested by Bent-Goodley (2002) and Germak et al. (2009) is confirmed by the fact that “ethical” is the most highly regarded attribute by agency administrators and admission chairs (Seipel, Walton, and Johnson 2011). In the survey of social entrepreneurship practitioners from non-profit organisations conducted by Miller, Wesley, and Williams (2012), the priority of ethics moves down to the rank of 16 out of the 35 factors. As Boschee (2006) suggests, “viability first, not mission” is important in separating the social enterprise from the parent non-profit organisation.

Second, quality management, suggested to be important by both Boschee (2006) and Bull et al. (2010), is also supported by the “market test of venture’s service” attribute identified by Sharir and Lerner (2006). Though no specific attributes directly reflect quality management, the “good with numbers” and “analytical” skills are important for continuous improvement of products and services. In the survey conducted by Miller, Wesley, and Williams (2012), there is no mention of quality management.

Third, marketing competency, a factor suggested by Bent-Goodley (2002), Boschee (2006), and Bull et al. (2010), is echoed by the “market test of venture’s service” and “acceptance in the public discourse” attributes in the study by Sharir and Lerner (2006). The core practices of marketing are promotion and selling. Promotion requires identification of both superior features and any weaknesses of the products or services. Without proper and in-depth education and training, social workers may think that promotion is about exaggeration or even misleading messaging, and define weaknesses as targets for cover-up. Such a misconception may conflict with the “honesty” attribute that social workers prize so

highly. Furthermore, selling may be perceived as customer manipulation, which conflicts with the “ethical” attribute.

Finally, risk taking, suggested as a factor by Boschee (2006) and Fargion, Gevorgianiene, and Lievens (2011), is confirmed as less desirable by the low score accorded to it as an attribute by Seipel et al. (2011). In the survey by Miller, Wesley, and Williams (2012), “willing to take risks” ranked 23 out of the 35 factors.

Learning from This Section

Because Boschee (2006) emphasises moving away from the parent non-profit organisation and focusing on the social enterprise, he talks about “viability first, not mission” and does not mention ethical concerns. Bull, Ridley-Duff, Foster, and Seanor (2010) emphasise the process of moving into business; hence they focus on the management system, marketing, and quality products. They do not mention about ethical concerns.

Fargion et al. (2011) discuss potential problems in the transition of the social worker to the new role of social entrepreneur, including the focus on profit and the culture of “heroic” actions. These authors echo the ethical concerns raised by Bent-Goodley (2002).

While Boschee (2006) and Bull et al. (2010) advocate moving from a non-profit orientation to social entrepreneurship, Bent-Goodley (2002) and Fargion et al. (2011) demonstrate greater concern over the need to retain the social work values during the transition to the commercial sector. The study by Miller,

Wesley, and Williams (2012), however, shows that these values are de-prioritised or disappear during this transition. Table 3.7 summarises the values and practices affected. The two items in quotation marks were added by the author of this paper, as they are reasonable guesses.

Table 3.7 Main Changes Proposed for Transitioning from Social Worker to Social Entrepreneur

	Value / Supportiveness	Practice / Skilfulness
De-prioritise	Honest, genuine, accepting ethics, empathy	"Social work practices, like counselling and fund raising"
Retain		Social networking, creativity/innovation
Strengthen	Goal-oriented	Risk taking, forecasting/measurement, team building
Add	"Profitability"	Opportunity seeking, marketing/public relations, selling, quality control

Learning Theories and the Theoretic Framework of This Research

The learning theories on mind-set change reviewed in this section include self-determination theory and transformative learning theory. One theory that can be used to guide the interpretation of the mind-set change that occurs during the transition from social worker to social entrepreneur is organism integration theory (OIT), which is one of the four mini-theories of the self-determination theory (SDT) explicated by Deci and Ryan (2002:15). This theory discusses the stages of mind change but does not cover the dynamics leading to the change. Transformative learning theory, however, provides the explanation for these dynamics.

Understanding the process and theory that apply to adapting to a new values system can facilitate the design of inquiry methods to prove whether adaptation happens in the transition from social worker to social entrepreneur. This understanding also informs the process of designing how to collect related information or knowledge about the adaptation, such as the time needed for the adaptation and the pathway to adaptation followed.

Self-Determination Theory

According to Deci and Ryan (2002), people have formative tendencies to grow and develop both toward holistic self-regulation and toward integration of oneself with others. Certain social-contextual factors support this innate tendency, whereas other factors block this fundamental process of human nature. Three basic psychological needs—namely, autonomy, competence, and relatedness—constitute intrinsic motivation.

- *Autonomy* is defined as defined as “being the perceived origin or source of one’s own behaviour” (2002:8). This implies alignment with one’s “logic” or “value system”.
- *Competence* is defined as “feeling effective in one’s ongoing interactions with the social environmental and experiencing opportunities to exercise and express one’s capacities” (2002:7).
- *Relatedness* is defined as “feeling connected to others, to caring for and being cared for by those others, to having a sense of belongings both with other individuals and with one’s community” (2002:7).

When all three of these basic psychological needs are satisfied, the individual has intrinsic motivation for action. In other words, the person wants to do it, feels capable of doing it, and believes it will strengthen or at least not harm the desired relationship. In social entrepreneurial settings, however, social workers may experience unmet needs vis-à-vis autonomy, competence, and relatedness that diminish their effectiveness in this new milieu.

For example, one reason why social workers might exhibit sluggish behaviours in managing the business aspects of social enterprises is that the job requirements exceed their competence. For example, most social workers are not good at numbers (Seipel, Walton, and Johnson 2011) and lack familiarity with business perspectives (Foster and Bradach 2005).

In addition, these behaviours might arise because social workers tend to be highly empathetic (Seipel, Walton, and Johnson 2011) and, therefore, find it difficult to discipline subordinates who exhibit poor performance. While disciplining or even dismissing an employee will lead to negative feelings in the employee, it will not necessarily affect the relationship between the employee and the supervisor. The

outcome reflects the people management skills displayed in this setting. This situation is similar to what happens with divorce: It will usually damage the relationship between the couple, but conflict is not inevitable. Hence the problems that arise in regard to relatedness sometimes can be solved by competence.

Finally, when conflicts arise between ethical issues and business performance, social workers tend to go with their original inclination—that is, they defer to their ethics instead of prioritizing the bottom line. Indeed, students in MSW programs are often admitted to the university and social workers are recruited into non-profit organisations precisely due to their high regard for ethics (Seipel, Walton, and Johnson 2011). Social entrepreneurial ventures, however, require their leaders to exhibit entrepreneurship and management skills if they are to succeed. In some cases, this demand may pose a threat to social workers' autonomy, if it is perceived as a threat to their value systems.

Beside the intrinsic motivation created by satisfaction of their autonomy, competence, and relatedness needs, social workers transitioning into the social entrepreneurship sphere require extrinsic motivation, which mainly takes the form of costs and benefits, or punishments and rewards. As social enterprises are created to fulfil social missions, they may be insulated from the punitive discipline of the normal commercial marketplace and experience greater forgiveness from their funders or governing board (Austin, Stevenson, and Wei-Skillern 2006).

In summary, the intrinsic motivation and extrinsic motivation described by self-determination theory may explain the link between the relatively poor business performance of social workers as social entrepreneurs and the characteristics of social workers described earlier.

Internalisation

It is not always possible to change our original assumptions or find innovative workaround behaviours. Sometimes, therefore, the new behaviours must be motivated extrinsically instead of intrinsically. Extrinsic motivation means activities are engaged for instrumental reasons; they are undertaken to attain an end state that is separate from the actual behaviour (Deci and Ryan 2002:42–43). Three types of extrinsic motivation have been identified:

- External regulation, which is the least self-determined situation. It is a positive or negative end state that drives the behaviour.
- Introjected regulation, in which the person acts out of obligation to avoid pressure or a feeling of shame.
- Identified regulation, in which the reasons to engage in the activities are internalised such that they are judged valuable. This type is relatively self-determined. In other words, the person is “institutionalised”.

In commercial enterprises, employees are subject to external regulation through a performance management system that boasts both financial rewards and promising career prospects. Gradually the employees become institutionalised, at which point the behaviours flow from identified regulation. If a society or an organisation is looking for improvement, extrinsic motivation is needed so that people will bear through the difficulties and challenges to deliver the expected performance. In the past, the Asian school system (especially Chinese, Japan and Korean schools) has adopted extrinsic motivation as a means to push the academic performance of children. Social workers as social entrepreneurs, in turn,

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need to consider building external regulation and introjected regulation into the management system to push the performance of their employees.

So far, the logic issues have been analysed through the motivational angle of self-determination theory to explore social workers' reluctance to change. Next, the process to facilitate logic change is framed in terms of transformative learning theory, which can be further broken down into critical reflections on assumptions embedded in the frame of reference. The internalisation process for external values as another set of concepts under self-determination theory is also discussed.

Transformative Learning

The educational theory cited here for dealing with perspective change, or logic change, is transformative learning theory, which was developed by Jack Mezirow.

Transformative learning may be defined as learning that transforms problematic frames of reference to make them more inclusive, discriminating, reflective, open, and emotionally able to change. Frames with these characteristics are more likely to generate beliefs and opinions that will prove truer or justified to guide action. (Mezirow and Taylor 2009:22)

A frame of reference may be transformed by critically reflecting on the embedded assumptions, which are picked up uncritically during childhood and maturation in the family and in school as well as during the socialisation process, in which society imparts the prevalent ideologies to its members. For most people, such critical reflection can happen only when tremendous emotion is present to overcome the

inertia of the frame of reference. According to self-determination theory, this action requires extrinsic motivation. Such a situation arises because a perspective change requires a denial or rejection of our present beliefs and values, which serve as the basis of our need for autonomy in self-determination theory. During the critical reflection, assumptions and beliefs are questioned and the frame of reference is ultimately transformed (Mezirow and Taylor 2009:9). It is a process involving both head and heart, and rational thought and emotional support.

Taylor (1997), after analysing 39 unpublished empirical studies on transformative learning, concluded that personal contextual factors for transformation include readiness for change, the role of experience, prior stressful life events, and predisposition to transformative experience. In addition, the research indicates that discourse is not just rationally driven, but also dependent on relational ways of knowing. Trust, friendship, and support are the conditions needed for sharing information openly and engaging in effective rational discourse. As there may be social loss due to the transformed frame of reference, developing relationships with like-minded individuals becomes a key component of the transformative process. Finally, Taylor suggests that a change in perspective is indicative of developing not only a revised frame of reference but also a willingness to act on the new perspective.

Theories from Other Scholars

Four more perspectives are provided here for reference.

Drucker advocated that practices lead to performance. Management is a set of practices; that is, management consists of those behaviours that affect the business (Drucker 1985: viii). Practices, in turn,

are behaviours and activities based on theories and concepts that are teachable (Seipel, Walton, and Johnson 2011:445–461) if there is an appropriate curriculum. As cited by Collins and Porras (2000:46), John Young of Hewlett-Packard asserts that “Our basic principles have endured intact since our founders conceived them. We distinguish between core values and practices; the core values don’t change, but the practices might. We’ve also remained clear that profit—as important as it is—is not why the Hewlett-Packard Company exists; it exists for more fundamental reasons”.

Hampden-Turner and Trompenaars (2000:8) explain that even when values conflict with each other, innovative practices may be able to reconcile the differences, relieve the tension, and resolve the dilemma. Because reconciliation is hard, it is both scarce and valuable. Hampden-Turner and Trompenaars cite F. Scott Fitzgerald: “The test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function”. As such, they identify a reconciling capability as a cross-cultural competence.

Kegan (2009) argues for adaptive learning. The knowledge and skills for setting up and running a business deal with the “content” or “process”; they are also called technical problems by Kegan et al. (2009). However, the more fundamental challenge for adult learners is the limiting assumptions or premises embedded in their value system or frame of reference. Kegan calls these constraints adaptive problems.

Carl Rogers (1980) developed two theories that can put this type of internalisation into context. The formative tendency suggests that matter in the universe, both organic and inorganic, evolves to become more complex in form (1980:125). Rogers suggests that an example of this formative tendency is the

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human development of a more complete consciousness and self-awareness, which results in the person “moving in the direction of wholeness, integration, and a unified life” (1980:128). Rogers’s second theory states that if provided with a facilitative, growth-productive psychological climate, especially unconditional positive regard (1980:116), the constructive actualising tendency of human beings will take over and begin to develop (Cooper et al. 2007:1; Rogers 1980:118).

Learning from This Section

This section has summarised theories that can help social workers in adjusting their value systems to cope with the challenges of running a business and dealing with profitability pressure. These theories include the integration process in self-determination theory, transformative learning, and adaptive learning.

Most curricula on social entrepreneurship address the technical problems or technical skills, much like the list of competencies developed by Miller, Wesley, and Williams (2012). However, curricula also need to address the adaptive problems. At present, it does not appear that educators have adequately addressed this area. Hence a study to identify exactly where the adaptive problems are located will increase the effectiveness of social entrepreneurial education.

Social enterprises have to generate profits and create impacts. In Hong Kong, the impact creation of these ventures has been substantial in terms of social return on investment. This impact creation has long been strength of social workers, but they are generally less adept at managing the “business” part of their social enterprises.

Recent discussions of the challenges in hybrid organisations (Battilana and Dorado 2010; Haigh, Walker, Bacq, and Kickul 2015; Pache and Santos 2013; Santos, Pache, and Birkholz 2015; Stevens, Moray, and Bruneel 2014) [have](#) focused on both conflicts and possible synergy between the social welfare logic and the commercial logic. The units of analysis in these investigations are the organisation level and the institutional logic level.

Another option is to choose individual and specific practice as the unit of analysis. The research described in this thesis seeks to inform the design of an educational curriculum that can help welfare-minded social entrepreneurs improve their business performance. Hence this research takes the individual as the unit of analysis. The research question explores the variables associated with adaptation of social workers to the role of social entrepreneur. This approach has two advantages. First, individuals are the basic elements of any organisation. Analysis of individuals, then, facilitates an understanding of the organisation, which is an aggregate of individuals. Second, institutional logic affects the business performance of a social enterprise only indirectly, whereas practice directly affects the business performance. That is, institutional logic affects the behaviour or practice, which in turn affects the performance. Transformative learning theory addresses individual learning, especially in regard to a change in the frame of reference. Self-determination theory addresses the individual's motivation in a setting characterized by change.

Figure 3.2 proposes a hypothetic three-stage of the adaptation process, based on transformative learning theory. Stage one is the original social welfare logic; stage two is the transition where there is much reshuffling of competencies; and stage three is the final stage in which the social worker has fully

developed his social entrepreneurial logic. Figure 3.1 proposes a model of the transition between logics that occurs in stage two of the adaptation process. In this transition, new competencies are added, and the priorities of some original competencies are decreased while the priorities of other competencies either increase or hold steady. Here, “competencies” include knowledge, skills, and attitudes.

When an appraisal shows that an employee’s performance is not satisfactory, that shortcoming may be due to any or all of the following reasons related to knowledge, skills, and attitudes. First, the employee may be unaware of the standard of performance required by the supervisor. Second, he may be unable to perform due to a lack of training or resources. Third, he may be unwilling to perform because intrinsically he does like the job and there is no extrinsic motivation to change, such as a consequence attached to either superior performance or poor performance.

Unsatisfactory employee performance has repercussions for the social entrepreneur and the social enterprise, however. As the manager of the small social enterprise with only a few employees, the welfare-minded social entrepreneur must be aware of the requirement to generate a profit to keep the business running so that the SE can continue to provide jobs to the socially disadvantaged. Therefore, apart from the factors external to the SE, the business performance issues mainly reflect the willingness or the ability of the social entrepreneur to tackle them. In this research, these two factors are represented by “skilfulness” and “supportiveness” in performing the business practices.

Skill acquisition is relatively easier than implementing a change in willingness, because the latter requires modification of the individual’s beliefs or worldview. In transformative learning theory, this modification occurs through critical reflection on the assumptions in the individual’s frame of reference.

Certain social contexts, such as a disorienting dilemma, must be present to trigger sufficient emotional energy to pursue this challenge to the person's beliefs, especially when those beliefs have been socialised through years of growth.

Self-determination theory provides an explanation for the reluctance to perform. As noted earlier, intrinsic motivation arises when three conditions are met simultaneously: autonomy, competence, and relatedness. A key insight is that skilfulness in regard to a practice will affect the willingness (supportiveness) to perform that practice. Moreover, strong negative consequences attached to missing a performance standard, such as reaching the financial break-even point, may provide the extrinsic motivation needed to perform even a business practice that the social worker does not support.

In this exploration of the variables associated with the adaptation of the social worker to the role of social entrepreneurs, the following hypotheses will be tested. First, though adaptation to a new environment can be never ending, it takes a certain amount of time to adapt the core set of competencies. If SE performance is used as an indicator of this progress, it may provide a sign that adaptation is slowing down. Second, the time needed for adaptation to the new skills required should be shorter than the time needed to alter the level of supportiveness, if the latter needs to change. Third, in different stages of the adaptation process, the priorities of the competencies will change.

Summary

Though many articles have been reviewed, only a few are directly related to the current research. For example, Mirabella and Young (2012) have found and studied 36 education programs on social entrepreneurship in the world. The article is very informative on the distribution of the curriculum content among leadership skills, generic management skills, philanthropic skills, political skills, and marketing skills. Most of these programs are offered by business schools or schools of public admin while the remaining few by religiously oriented institutes. But none is offered by schools of social work. Hence the information in the article itself cannot be directly linked to the current research which focuses on social workers.

There are eight articles which provide most relevant information to this research. Pache and Chowdhury (2012) propose a framework of social entrepreneurship education which crosses the boundaries among institutional logics, including the social-welfare logic, the commercial logic and the public-sector logic. It is because by definition, the social entrepreneur needs to adapt to the commercial logic in order to run business. He or she also needs to be familiar with the social-welfare logic in order to be effective in developing solutions for the social problem. Finally he or she may need to deal with the government on funding or resource or regulatory issues. The introduction of the concept of institutional logics into the social entrepreneurship education arouses attention on the importance of the value system. The social entrepreneurship education should cover attitudes and values in additional to knowledge and skills. Pache and Chowdhury have only proposed the framework but had not covered the adaptation process.

Miller, Wesley, and Williams (2012) provide the average profile of a social entrepreneur consisted of 35 competences, based on the feedbacks of 93 practicing social entrepreneurs working in non-profit

organizations. On the other hand, there is another average profile of a social entrepreneurs based on the feedbacks of 33 practicing social entrepreneurs working in for-profit organization. These average profiles are valuable. But they do not answer the question on which variables, or competences, associated with the adaptation of social workers to the role of social entrepreneurs.

Seipel, Walton, and Johnson (2011) provide the average profile of a social worker consisted of 49 attributes, or competences, based on the survey on HR heads of agencies and the admission chairs of Master of Social Work programs. The attribute most valued is *ethics* and the least valued is *good with numbers*.

When Austin, Steveson, and Wei-Skillern (2006) conduct a comparative analysis based on commercial model, they find that social workers tend not to focus on business performance. When Germak and Singh (2009) analyze the readiness of social workers to become social entrepreneurs, they have a similar finding. Boschee (2006), who was a former businessman but transformed into a social entrepreneur has proposed a list of 13 critical success factors for a social entrepreneur. One of the factors is *viability first, not mission*. He demonstrates the difference between commercial logic and social-welfare logic. While the commercial lens used by these three articles may be a good starting point to explore the areas that social workers have to change, the ultimate goal is to develop them into social entrepreneurs, not commercial entrepreneurs. If available, social entrepreneurial lens will better than commercial lens. In other words, there should be new social entrepreneurial logic which consisted of elements from the existing the institutional logics.

There are two mixed methods researches on the social entrepreneurial logic. Bent-Goodley (2002) interviewed four social work entrepreneurs on their concerns. She then to develop a questionnaire accordingly and collected 82 survey responses from MSW students and 52 responses from social work professionals. Goodley concludes eight concerns that social workers need to pay attention when running business.

Sharir interviewed five social venture founders on critical successor factors. Then Sharir and Lerner (2006) to develop a questionnaire accordingly, and collected a total of 33 survey responses from social venture founders. They find eight critical success factors for social ventures.

Bent-Goodley surveyed concerns of the social work students and practicing social entrepreneurs. On the other hand, Sharir and Lerner survey the social venture founders on their views on critical success factors. Hence the results of the two researches are mutually exclusive.

Sharir and Lerner have researched on purely social entrepreneurs, and their conclusions are based on those successful social entrepreneurs. However the unit of analysis by Sharir and Lerner is on organization level. As a result, there are only two critical success factors related to the entrepreneur dimension, including *previous experience* and *total dedication*. The other six factors are related to the environmental dimension, the process dimension and the organization dimension. Not much can be used to inform the curriculum design for educating social workers to be social entrepreneurs.

On the other hand, Miller, Wesley, and Williams (2012) have also researched on social entrepreneurs. But they have not identified and separated the results from social entrepreneurs who are successful and those who are not. The survey responses collected Bent-Goodley consisted of both social work entrepreneurs and social work students.

A meta analysis of the articles shows that two common themes. First the ethical concerns is a challenge for social workers to adapt to the role of social entrepreneurs (Boschee 2006; Austin, Steveson, and Wei-Skillern 2006; Germak and Singh 2009; Bent-Goodley 2002). In a broader sense, social entrepreneurship education should cover more on values, and institutional logics. Second, for education purpose the unit of analysis is better on individual level (Boschee 2006; Austin, Steveson, and Wei-Skillern 2006; Germak and Singh 2009; Bent-Goodley 2002; Miller, Wesley and Williams 2012; Seipel, Walton, and Johnson 2011; Sharir and Lerner 2006). On the other hand, there are very few studies on successful social entrepreneurs, and how to become successful social entrepreneurs. Hence this research can make a contribution. Furthermore, there is not any study on the adaptation process that social workers go through to the role of social entrepreneurs.

Based on the conclusions from the literature review, further research can be approached as follows:

1. The problematic behaviours highlighted by the scholars serve as a preliminary list for further exploration in this area.
2. There are concerns about the skill dimensions and value dimensions of these problematic behaviours. The skill factor may be measured by the level of self-perceived skilfulness; the value factor may be measured in terms of supportiveness.

3. The criteria for what qualify as problematic behaviours are not clear. Given that this research focuses on the business management capability of social workers who need to run social enterprises, the correlation between problematic behaviours and poor business performance must be checked. Moreover, the business performance of non-social workers must be examined and then established as a benchmark. Whether social workers' behaviour is problematic depends on whether it is relevant to the business performance and must be considered relative to the behaviour of non-social workers.
4. Self-determination theory proposes that the integration process includes several stages that move from external regulation to identified integration—which means that this process takes time. It may be valuable to get a sense of the duration of this process needed.
5. The integration process, or adaptation process, involves changing behaviours. Some behaviours are dropped, some are less strongly emphasised, some remain, some are more strongly emphasised, and some new ones are added. The research should seek to understand these changes more fully.

When problematic business practices are identified, social workers can be better prepared to cope with them. This adaptation process takes time, however, and can be described as a journey with different stages. Successful adaptation and coping, however, means the business performance of the social enterprise will be improved.

Chapter 4: Methodology and Methods

Introduction

The research described in this thesis focuses on identifying ways to inform the curriculum design for developing social workers to run social enterprises. Following is a summary of what was reviewed and concluded.

1. **Hong Kong Context:** This research is for Hong Kong and in Hong Kong. Hence it needs to consider the local context. Social enterprises in Hong Kong are typically small enterprises with average annual revenue of HKD2.85 million, operating in traditional businesses and employing fewer than 10 employees. About 80% are work-integration social enterprises.
2. **Success of Hong Kong SEs:** The conjecture that social workers are not good at running social enterprises is not valid, at least in Hong Kong. These social enterprises deliver a superior social return on investment as compared to other poverty alleviation policies. They also have a life span about two and a half times of that of small–medium commercial enterprises.
3. **Relevance and Relativity:** When arguing that some behaviours are “problematic”, it is important that the effects caused by these behaviours are relevant to the performance of the social enterprises. It is also important that the performance be evaluated relative to some reasonable benchmark. Otherwise, there is no basis for stating what is “problematic”, except opinions from the interviewees. An example of relevancy is that the problematic behaviours have a significant correlation to the SE performance. An example of a benchmark is that the behaviour of social workers is compared to the similar behaviour of non-social workers.

4. **Supportiveness and Skilfulness:** The problematic behaviours described are mainly “inaction”, instead of disruptive actions. According to self-determination theory, this reluctance to act may be caused by lack of intrinsic motivation. In this research, this aspect may be measured through “supportiveness” in performing certain business management behaviours, and through the attribute of “skilfulness” in certain business management competencies.
5. **Factors in Adaptation:** The adaptation of social workers to the role of social entrepreneur requires changes in the importance assigned to various values and competencies. The original set of values and competencies are the factors included in the social welfare logic. After the adaptation, the final set of values and competencies comprises the factors included in the social entrepreneurial logic.
6. **Relationships among Logics, Practices, and Performance:** Between the invisible logic and the visible business performance is the visible behaviour (Pache and Chowdhury 2012:497). When behaviours are organised so as to achieve a goal, they are described as a “practice”. It is the business practices that determine the business performance. Figure 4.1 shows the relationships among institutional logic, practices, and performance in a non-profit organisation and in a for-profit organisation. It also shows the challenges faced by the social workers who still adhere to the social welfare logic but must pick up the business practices and take responsibility for the business performance.

This chapter covers the philosophical approach used in the present study that was positivist, the choice of research method which was quantitative, and the design of the research to identify the areas in

business management where non-profit organisation staff had problems in adapting to the new commercial business logic.

Philosophical Approach

Ontological Assumption

During the compilation of the material on the research context and the literature review, it became clear that the definition of good or bad business management needs to have objective criteria. But the scholars who listed problematic behaviours of social workers did not provide the criteria for qualifying something as good versus bad. In the commercial sector, an objective and common criterion for a good business is it is profitable, or when comparing to the average of similar enterprises its financial performance is better. The ontological position taken in the present research was that there is objective reality.

Epistemological Assumption

The epistemological position taken in the present study is positivist. Popper proposed that the true theory of knowledge is that “knowledge proceeds by way of conjecture and refutations” (Miller 1985:30). This research seeks to test the conjecture that non-profit organisation staff members have problems running social enterprises due to their concerns about ethics. Refutation of this position was encountered even during the pursuit of understanding the conjecture or assertion, in the form of conflicting evidence. At least in Hong Kong, it was found, social workers are doing quite a good job in running social enterprises.

Popper further elaborated on the epistemological point:

According to the theory of knowledge outlined there are in the main only two ways in which theories may be superior to others: they may explain more; and they may be better tested—that is, they may be more fully and more critically discussed, in the light of all we know, of all the objections we can think of, and especially also in the light of observational or experimental tests which were designed with the aim of criticizing the theory (Miller 1985:30).

The present research aims to develop a theory about the adaptation of social workers to the role of social entrepreneur that can explain more than the existing conjecture.

Strategies of Inquiry

There were two options in regard to the strategies of inquiry available—namely, qualitative inquiry and quantitative inquiry. The goal was to choose those options that could best facilitate curriculum design for training social workers to run social enterprises. Hence the criteria used in decision making were twofold. First, as a result of the research, were there a better understanding, explanation, and prediction of the behaviour of the social workers who start to run social enterprises? Second, from the perspective of resources, was the effort needed for the research feasible for a single researcher to complete within one to two years?

Apart from the choice between qualitative and quantitative inquiry, the comparative approach was an important factor in developing the research design. Social enterprises have a formal history spanning

only 13 years in Hong Kong. Up to the time when this research was conducted, only 457 social enterprises had been formally launched. It was difficult to get enough financially successful social enterprises to use as a baseline for determining which business practices were good and which were not. Given this factor, commercial enterprises might be the best available benchmark for comparison. Qualitative inquiry and quantitative inquiry also have different levels of costs and benefits when a comparative approach is needed.

Quantitative Methods

In this research, the quantitative method approach was adopted. Theories on the problematic behaviours of social workers in running businesses had already been proposed by several authors (Austin, Stevenson, and Wei-Skillern 2006; Bent-Goodley 2002; Edwards 2008, 2010; Germak and Singh 2009). Although they were not tightly defined, they can help to address the causal relationship among the factors. What were needed, however, were the collection of quantitative data, and the integration of causal relationship concluded by the scholars mentioned above and new quantitative data to provide a more comprehensive understanding of the research question (Creswell 2014:4). With the large-scale understanding of the phenomenon, it was believed, the theory could be better defined.

The quantitative methodology had advantages for testing the theory, through the administration of a survey to both a test group and a comparison group. It is important to make this kind of comparison, because so far the basis of reference for the conjecture about social workers' business abilities as social entrepreneurs has not been established by prior research. Such comparisons may produce new insights. The survey, it was thought, could have practical value in identifying those practices with which the non-profit organisation staff had problems, and in understanding the relative magnitude of the problems.

Quantitative survey might also identify patterns or relationships which were unaware of by the research participants. New insights might also be gained that would be hard to discover through a qualitative approach. These two pieces of information could then guide curriculum design. Both educators and learners have limited resources and time that they can allocate to training programs for social workers transitioning to a social entrepreneurship role; thus it was hoped that the research could suggest ways to improve the cost-effectiveness of such training for both the educators and the learners.

Usually the quantitative strategy has few drawbacks. First, it has the limitation that only correlation can be measured, not causation among variables. In this research, however, previous academic articles had already proposed that ethical concerns were one of the barriers to better business performance of social enterprises run by social workers. Thus the causation was already taken care of.

Second, quantitative research sacrifices the collection of in-depth knowledge from each individual participant in favour of achieving an understanding of broad patterns of covariation across many participants (Ragin et al. 2011:164). There is a trade-off between the depth of each case and the number of cases. This trade-off arises because of limitations on the resources that the research can afford and the number of participants who are willing to provide in-depth information. In the present study, the preference was to obtain more numbers, because qualitative research—like that undertaken by Bent-Goodley (2002)—had already been carried out in this area.

The third disadvantage of the quantitative strategy is the limitations associated with questionnaires, which can only quantify what the researcher knows and what the research participants know, but cannot identify unknown but important factors. Significant generalisation is impossible with this approach

(Pring 2000:32). In the present study, the work of Miller, Wesley, and Williams (2012) provided quite a comprehensive list of competencies that social entrepreneurs needed, which provided the baseline information for the questionnaire.

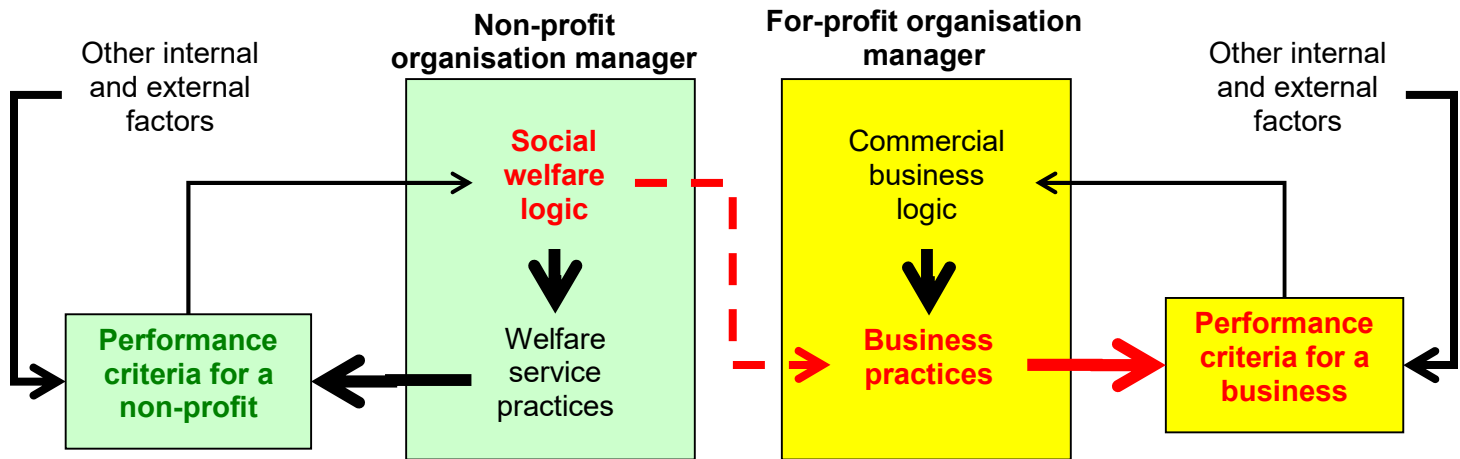
On the positive side, the quantitative findings not only helped prioritise the training needs of the social workers, but also set the priority for future in-depth qualitative inquiries. Continuing this research would speed up the development of social enterprises.

Research Design

The present study is a quantitative research investigation with the ultimate aim of validating the hypothesis of previous scholars on the entrepreneurial thinking and skills of social workers. Moreover through collecting data about the adaptation process, it also aims at developing a better theory to understand, explain, and predict the process by which social workers adapt to their new roles as social entrepreneurs. In terms of explanation, “better” can be determined by measuring the correlation between the supportiveness of the “problematic” behaviours and the SE business performance. In terms of predication, “better” can be determined by collecting the time needed for the adaptation process so as to propose an expected range for the adaptation time.

Figure 4.1: The Dilemma Faced by Non-profit Organisation Managers Running Commercial Businesses:

Effect of Institutional Logics



The dilemma faced by a non-profit organisation manager running a social enterprise can be visualised as shown in Figure 4.1. This social worker was socialised with the social welfare logic during his education in the university and during his employment in the non-profit organisation. He delivered welfare services through practices such as counselling, community development, and policy advocacy. His performance was measured in the non-profit way, which does not have a strong results orientation, partly because it is difficult to quantify the impact of welfare services. After the social worker was assigned to run a social enterprise, however, he found that he must pay attention to the business's revenue and profit—amounts that are readily available in numeric terms. The social welfare logic, as held by the non-profit organisation manager in the past, does not totally appreciate business practices such as monthly forecasting, selling, and pressuring subordinates for results. The current research seeks to identify these gaps in the skill sets of social workers who are making such a transition to social entrepreneurship and suggest ways to fill them.

Furthermore, different business practices are associated with different levels of difficulty that must be overcome before they can be comprehended and mastered. Even the for-profit organisation manager will encounter different levels of supportiveness when engaging in these practices. Hence, in addition to measuring the level of supportiveness of the non-profit organisation manager for each business practice, the gap between the supportiveness of non-profit organisation managers and that of for-profit organisation managers for each practice is measured. In fact, the latter is the focus of this research. In other words, non-profit organisation managers who are running social enterprises form the test group, and for-profit organisation managers serve as the primary comparison group. The independent variables are the business practices used when running a small social enterprise in Hong Kong. The dependent variable is the SE performance.

Comparisons to the responses of other groups, such as social workers and social work managers who had not managed or were not managing social enterprises, could also provide information valuable to the curriculum design.

Pilot Testing

This section covers the independent variables, dependent variables, comparison groups, distribution of pilot questionnaires, and results of the pilot test. The pilot test was conducted for three reasons. First, this effort sought to confirm that there are differences in levels of supportiveness between social workers and social entrepreneurs in regard to certain business practices, thereby assuring that the direction of the research was right. Second, an initial set of questionnaires could be developed, and the wording subsequently fine-tuned in this process. The reliability of the questionnaire could also be checked. Third, the differences between social entrepreneurs and social work managers, commercial managers, and commercial employees could be studied to develop a better understanding of the social entrepreneurs.

Dependent and Independent Variables

There is only one dependent variable in the present research—namely, the SE's financial performance.

The main independent variables are the business practices needed in social enterprises that small–medium enterprises are running as traditional businesses. There may not be many practices, but they may come from a few possible sources. The criteria for selecting the practices included the following:

- The practices are described through actions or behaviours, instead of concepts or values.
- The local participants can understand the meaning or even have personal experience in performing the practices.

The first source of these needed business practices is the recommendations made by the scholars shown in Table 3.7 in the Literature Review chapter and repeated here as Table 4.1 for easy reference. These scholars recommended the training topics based on the perceived weaknesses of the social workers, such as ethical concerns and lack of risk taking. Nevertheless, they did not apply any structure to the recommendations to ensure their comprehensiveness. Moreover, some recommendations were on a generic level, such as “strategic planning”, while others, such as “ethical concern”, were very specific. Even when the recommendation was specific, it was a concept instead of a practice.

Table 4.1 Comparison of Training Recommendations from Different Scholars

	Bent-Goodley (2002)	Boschee (2006)	Bull et al. (2010)	Fargion et al. (2011)
Specific challenge to non-profit	Ethical dilemma	Viability first, not mission Separation strategy Focus		
Entrepreneurship	Entrepreneurial thinking	Courage Candour		Opportunity Creativity Risk
Management	Strategic planning Forecasting Expert management	Clarity of purpose Core values Willingness to plan Building the right team	Management systems	Resource Implementation
	Social marketing Public relations Resource/alliance	Strategic marketing Strategic partnership Aggressive pricing	Marketing	
		Quality Customer service	Quality standards	

Another source for building the list of practices was textbooks teaching social entrepreneurship, as identified in Table 4.2. In these books, more details were provided on concepts and skills under each topic. Three textbooks on social enterprise management were reviewed for the present study. Some of the chapters, such as those dealing with fund-raising, accountability to the public, and government relationships, were not related to business management. Titles of chapters related to business management functions were listed. The textbook by Doherty et al. (2009) covered all four business management functions (Griffin 2006:iii)—namely, strategic management in the planning function, managing people in the organising function, marketing and business ethics in the leading function, and financial management in the controlling function. All four management functions—planning, organising, leading and controlling—were included as the categories of business practices to ensure the comprehensiveness of the commercial business logic.

Table 4.2: Titles of Chapters Related to Management Functions from Three Books

	Dees et al. (2001)	SE Knowledge Network (2006)	Doherty et al. (2009)
Planning	Planning	Strategy	Strategic Management
Organising		Structuring the Organization Managing Human Resources	Managing People
Leading	Attracting Your Customer Innovation		Marketing Business Ethics
Controlling	Financial Management Understand Risk	Financial Viability Performance Measurement	Financial Management

Sources: Management for Social Enterprise by Doherty et al. (2009), Effective Management of Social Enterprise by Social Enterprise Knowledge Network, and Enterprising Nonprofit by Dees et al. (2001). Compiled by Kee Chi Hing.

The textbook *Fundamentals of Management* (Griggin 2006:9–10) confirms that there are four basic management functions:

- “Planning means setting an organization’s goals and deciding how best to achieve them”.
- “Organizing involves determining how activities and resources are to be grouped”.
- “Leading is the set of processes used to get members of the organization to work together to further the interests of the organization”.
- “Controlling is the monitoring and correcting ongoing activities to facilitate goal attainment”.

Within each management function, specific business practices had to be chosen for the present research. In Michael Porter’s value chain analysis, the business process consists of sourcing, producing, and marketing. The absence of the sourcing and producing components in Doherty’s book was a good reflection of the current reality of social enterprises in the United States as well as in Hong Kong. Most social enterprises in Hong Kong are in the service industry, like restaurants and retail shops, and most are small enterprises. Hence sourcing and producing usually are minor activities for these SEs as compared to marketing.

Furthermore, the independent variables to be chosen had to be at the practice level, instead of concepts or skills. For example, within the “managing people” practice, most people would agree that poor performers in the workforce have to be corrected. The attitude of the non-profit organisation manager, however, might be very different from that of the for-profit organisation manager regarding how to discipline the employee, especially when dismissing is the issue (Tang et al. 2008: xiv–xv).

The third source of information on business practices is my own personal insights from coaching local SEs. In 2006, I turned around the profitability of the Auto Service Centre of Fullness Christian Vocational Training Centre within nine months. In 2007, this story was shared at the first Social Enterprise Summit organised by the Home Affairs Bureau of the Hong Kong government. In 2009, I coached Arts Alive of Youth Outreach to turn around its profitability through the SE Mentoring Scheme operated by the Home Affairs Bureau. In 2011, I likewise coached My Concept to turn around its profitability through the SE Mentoring Scheme of the Home Affairs Bureau.

The left-hand column in Table 4.3 shows the business practices included in the questionnaire created for the present study. They are the actual activities that take place in those local SEs that received the questionnaire. These business practices are grouped based on the four management functions. In the planning group, for example, business practices include customer study, competitor study, reviewing productivity, and annual plan. These activities, especially the creation of the annual plan, represent what Bent-Goodley defines as forecasting. In the Miller et al. (2012) survey, business planning ranked 16 out of 35 competencies.

Table 4.3 Matching the Business Practices with the Scholar's Work

Business Management Practices Proposed	Supports from the Literature Reviewed		
	Bent-Goodley's Suggestions (2002)	Seipel et al. (2011) [Ranking is from 1 to 49]	Miller et al. (2012) [Ranking is from 1 to 35]
Customer study Competitor study Reviewing productivity Annual plan	Forecasting		Create/evaluate the feasibility/implementation of a business plan (16)
Investing in public relations	Public relations		Ability to build community support (6)
Exploiting new customers Up-selling Asking for referrals	Social marketing		Ability to sell/market the organisation (10)
Feedback to employees Incentivising employees			Management of employees (20)
Dismissing employees	Ethical dilemma	Ethical (1)	Sense of moral imperative/ethics (16)
Monthly review Monthly forecast Monthly plan adjustment	Expert management	Good with numbers (49)	Management of financial capital (7)

The third source (the author's experience) was used because the first two sources are not specific enough. A potential problem was that the survey participants might interpret the practices very differently, in which case it would be difficult to draw conclusions if the sample was not large enough. A more precise interpretation can reduce such variations. According to Popper (Miller 1985:30):

These theories themselves are guesswork. We do not know, we only guess. If you ask me, "How do you know?" my reply would be, "I don't; I only propose a guess. If you are interested in my

problem, I shall be most happy if you criticize my guess, and if you offer counterproposals, I in turn will try to criticize them”.

The third source is not perfect, but it is better than the first two.

Selection of Comparison Groups

The test group consisted of the SE managers. The comparison groups were those who had no experience running social enterprises. The gaps analysis on the difference between the SE managers and the non-SE managers have practical values in the design of curriculum which aims at developing non-SE managers to SE managers.

Four questions were asked about the background of the participants:

- Whether the participant had social work education
- Year of social work experience
- Year of social enterprise experience
- Year of management experience

The answers to these questions could generate sixteen combinations (groups). However, only five of them, including the test group, will be analysed here. There were four comparison groups:

- (a) Those with no social work education, but with management experience
- (b) Those with both social work education and management experience

- (c) Those with social work education, but with no management experience
- (d) Those with neither social work education nor management experience

Group (a) was the main comparison group, as it was assumed to provide the profile of supportiveness for business management practices by an average manager who did not have formal social work education. Group (b) provided clues about how to design the training and develop solutions for a social work manager charged with running a social enterprise. Group (c) provided clues about the changes that occur in the social workers who run social enterprises. Group (d) provided clues about the difference between social workers and people with business education or experience but no management experience.

All of this information has practical value in the curriculum design aiming at developing social workers to run social enterprises. It also informs the understanding that a SE manager is not exactly equal to a commercial manager.

Access to Different Groups of Participants

Three iterations of the questionnaire were developed from July 2011 to May 2012. The third version was the final version. A total of 227 responses from convenience sampling were collected at conferences related to social enterprises or non-profit organisations. The distribution of the participants' education and management experience is provided in Table 4.4, followed by the observations made by the researcher.

Table 4.4: Distribution of Participants in the Pilot Test

	Social Work Education	No Social Work Education	Subtotal
Have both SE experience and management experience	16	11	27
Have SE experience, but no management experience	1	1	2
No SE experience, but have management experience	40	54	94
No SE experience, no management experience	28	76	104
Subtotal	85	142	227

Observations on the Results

- The social workers showed significant reluctance to discipline employees as compared to the control groups. These differences started to appear in the middle of the pilot test, when there were only half of the 200-plus responses ultimately collected in the pilot test. They suggested the data had internal reliability, and were probably due to the homogeneity of the respondents resulting from the grouping.
- There were significant differences in the scores given by SE managers and commercial managers to monthly review practices, including monthly financial reviews, forecasting, and adjustment of the plan based on the forecast. A possible explanation for these differences in the values assigned to the monthly review practices was differences in the knowledge and financial capabilities of these managers.
- There were fluctuations in the scores given by SE managers and commercial managers to marketing practices including up-selling and asking for referrals. A possible explanation for

these differences was the SE managers' emphasis on ethical concerns based on their social welfare logic. However, if the social enterprise managers stayed long enough in the job, they would likely become socialised in the new commercial business logic over time. Because the sample size of SE managers was so small, the fluctuation was magnified in the questionnaire results.

- There were significant differences in the scores given by social work managers and social workers. For example social workers were very reluctant to dismissing employees but social work managers were much more willing. These differences probably indicate that managerialism has affected the values of the social work managers.

Observations on the Administrative Aspect

There were three main observations about the questions dealing with dismissing employees and the participants who were not social workers.

First, the problem of dismissing employees is the most concerning and controversial area in social enterprises operated by non-profit organisations in Hong Kong (Tang et al. 2008: xiv–xv). In fact, the wording of the question on this topic was revised twice after the first version of the questionnaire. The changes were made because the social workers' tolerance of poorly performing employees was quoted as evidence by scholars that social workers were not good at running a business.

In the first version of the questionnaire, this issue was addressed in a multiple-choice question: “How long would you tolerate a poor-performing employee before dismissing him or her?” The options provided were “1–2 months”, “3–4 months”, “5–6 months”, “6–12 months”, and “indefinitely”. Most people picked “3–4 months”. This finding from the pilot test indicated that the responses did not match the stereotype of the social workers described in the literature. Some social workers picked “indefinitely”, but some (though very few) picked “1–2 months”. Not all social workers were the same.

Furthermore, some business-minded participants picked “6–12 months” as their response to the initial version of the question. Similarly, not all the business-minded participants were the same. These answers also revealed that the role, or social identity, taken by the participant might change his or her supportiveness of particular business practices. People expected that social enterprises would be good employers; hence, it was believed, their human practices should be more people-oriented.

Later, this question was rephrased to make “3–4 months” the dividing line—that is, the third option in a Likert scale with five options. In this way, the differences between the responses of social workers and non-social workers became clearer.

The final wording of the question was “For below-standard employees, we will give a correction period not more than 3 months”. The choices were 1 = much longer, 2 = longer, 3 = appropriate, 4 = shorter, and 5 = much shorter.

Second, in the first sample for the pilot test, no constraints were placed on which participants could be included as non-social workers. In this sample, it was discovered that junior-level employees in both non-profit organisations and commercial organisations responded in a more pro-social manner to questions about job security. In the final test, the control groups were more business-minded—that is, either MBA students or employees of big commercial organisations.

Third, in a non-profit organisation, many employees may not have formal social work education. Hence, it was difficult to find social work-educated social enterprise managers to include in the sample. Therefore, in the final data analysis, the characterisation of the test group was expanded from “having social work education” to “being welfare-minded”, which meant having either formal social work education or social work experience. The rationale was that these welfare-minded individuals were socialised in social welfare logic.

Finalising the Instrument Design

The first set of questions comprises the business practices, as shown in Table 4.5. They originated from the researcher’s experience in mentoring social enterprises in Hong Kong and also reflected the two sets of recommendations considered in the literature review. They were fine-tuned based on the pilot test.

Table 4.5: The 15 Business Practices Selected as Independent Variables

Planning Function	Organising Function	Leading Function	Controlling Function
P1) Will you set annual goals for revenue and surplus?	O1) Will you provide regular feedback to employees to improve their performance?	L1) Will you regularly review how to improve productivity and efficiency? L2) Will you invest effort in media and public relationships?	C1) Will you conduct monthly reviews, including reviews of income and expenses?
P2) Will you conduct customer satisfaction surveys?	O2) Will you use bonuses to incent employees?	L3) Will you make use of all opportunities to contact potential customers?	C2) Will you make a monthly forecast?
P3) Will you study your competitors periodically?	O3) For below-standard employees, will you allow a correction period no longer than 3 months?	L4) Will you up-sell? L5) Will you ask customers for referrals?	C3) Will you adjust the monthly forecast based on the business forecast?

The second set had only one question, dealing with the self-reported financial performance of the social enterprise (if the participant was running one). The aim was to assess the relevance of the business practices to business performance; this was to be done by checking the correlation. The response was not simply “yes” or “no”, but also indicated how significant that relevance was if the respondent answered “yes”. These results were intended to help develop a theory explaining the factors affecting the social worker’s adaptation to the social entrepreneur role.

The third set consisted of four questions on the education and work experience of the participants. The answers were used to group the participants for later comparisons. One of the questions asked about years of experience in running social enterprises. This question was seen as providing hints about the respondent's degree of adaptation to the new commercial business logic when a non-profit organisation staff member had been running social enterprises for several years. The results were intended to help develop a theory about the amount of time needed for the adaptation to run its course.

Information that would be nice to have but was not mandatory (such as gender, age, and academic qualifications) was not collected to minimise the anxiety of the potential participants. Its omission also minimised the time needed to complete the questionnaire.

The final set consisted of four questions on the self-assessed skilfulness by the participants in terms of planning, organising, leading, and controlling. This set of questions was added to check whether the low level of supportiveness for the business practices resulted from ideological concerns versus lack of knowledge and skills required. According to self-determination theory (Deci and Ryan 2002:6–7), intrinsic motivation is driven by autonomy, relatedness, and competence; hence data on the influence of competence had to be collected to check the correlation. The profile yielded by the self-assessment of skilfulness could also inform the curriculum design. This self-assessment consisted of four questions:

- How do you feel about your skills related to studying the market and planning accordingly?
- How do you feel about your organising skills related to coaching and rewarding employees?
- How do you rate your management of productivity, quality, marketing, and sales?

- How do you feel about your controlling skills related to regular reviews, forecasting, and adjustment?

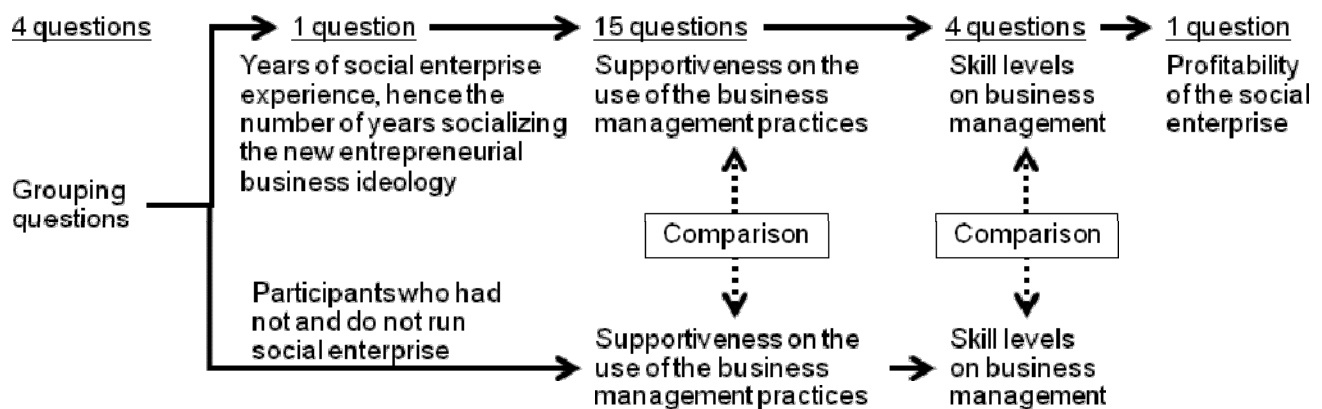
Each of these four questions contained key words and phrases from the corresponding group of business practices identified in Table 4.5. For example, the first question links to the first group of practices in the table. The key phrase “studying the market” links to “customer needs” and “competitors” in business management practices (2) and (3). The keyword “planning” links to “annual plan in business management practice (1). The remaining three questions have similar linkages to the remaining business practices.

Table 4.6 Summary of Dependent and Independent Variables

	Variables	Measurement
Dependent	SE performance	Likert scale from 1 to 5
Independent	Supportiveness for the practice of annual plan	Likert scale from 1 to 5
	Supportiveness for the practice of customer study	Likert scale from 1 to 5
	Supportiveness for the practice of competitor study	Likert scale from 1 to 5
	Supportiveness for the practice of reviewing productivity	Likert scale from 1 to 5
	Supportiveness for the practice of investing in public relations	Likert scale from 1 to 5
	Supportiveness for the practice of exploiting new customers	Likert scale from 1 to 5
	Supportiveness for the practice of up-selling	Likert scale from 1 to 5
	Supportiveness for the practice of asking for referrals	Likert scale from 1 to 5
	Supportiveness for the practice of giving feedback to employees	Likert scale from 1 to 5
	Supportiveness for the practice of incentivising employees	Likert scale from 1 to 5
	Supportiveness for the practice of dismissing employees	Likert scale from 1 to 5
	Supportiveness for the practice of monthly review	Likert scale from 1 to 5
	Supportiveness for the practice of monthly forecasting	Likert scale from 1 to 5
	Supportiveness for the practice of monthly plan adjustment	Likert scale from 1 to 5
	Skilfulness in planning	Likert scale from 1 to 5
	Skilfulness in organising	Likert scale from 1 to 5
	Skilfulness in leading	Likert scale from 1 to 5
	Skilfulness in controlling	Likert scale from 1 to 5
	Years of SE experience	Number of years

In the pilot test, the survey included questions on only the first and fourth sets of independent variables (see Figure 4.2 and the later section “The Rating Scale”). Questions on the second and third sets of variables were added in the final survey to ensure the validity of the questionnaire through cross-checking the consistency of the responses through different angles.

Figure 4.2 Relationships among the Questions



In summary, questions were asked to classify the participants into different groups. Those who had social enterprise experience were then asked about their number of years of social enterprise experience. Questions assessing their supportiveness for the use of business practices, their abilities related to the four categories of management functions, and the profitability of their social enterprises were then asked.

Based on these four sets of instruments, three types of analyses could be conducted. The first type of analysis examined the correlation between the SE business performance and the supportiveness and skilfulness of the respondent. This type of analysis helped identify which business practices were

relevant and which were irrelevant. Differences between those respondents who were welfare-minded and those who were business-minded were also investigated.

The second type of analysis checked whether the years of SE experience correlated with the SE business performance. If so, what was the maximum duration of experience with which there was still a significant correlation? This result was expected to be a good indication of the adaptation time. It would also be interesting to know which practices correlated to the SE performance within and outside this period.

The third type of analysis determined the relative scores among the comparison groups, and then between the comparison groups and the test group.

The Rating Scale

The main set of independent variables was the supportiveness of the participants for the use of each of the 15 business practices. A Likert scale was used to measure the degree of the participants' response. A five-grade ordinal scale was used—"strongly disagree", "disagree", "neutral", "agree", and "strongly agree". It was adopted because a smaller number of grades meant that the participants could more easily fill out the survey.

Although "strongly agree" means stronger supportiveness as compared to "agree", the relative magnitude of these terms cannot be quantified. With the use of the ordinal scale, giving a value of "1" to "strongly disagree", "2" to "disagree", and so on was an arbitrary assignment of impact to the scores that

facilitated the analysis. Moreover, while a scale could be assigned to the level of supportiveness in terms of attitude, at the action and behaviour levels there are only two choices: “do it” or “not do it”. This binary scale recognises that there is no difference in reality if the participant scores his or her attitude as “strongly disagree” or “disagree” or “neutral” toward a recommended business management practice; in terms of behaviour, the individual either will or will not use the practice.

An exception to this design was the item “For below-standard employees, we will give a correction period no more than 3 months”. The options given to the participants were “much longer”, “longer”, “appropriate”, “shorter”, and “much shorter”. This choice between longer and shorter periods was clearer to the participants than the choices of “disagree” and “agree”.

The second set of variables was the self-assessment of the participants of their skilfulness with the business practices listed under the four management functions—namely, the planning skills, organising skills, leading skills, and controlling skills. Another five-grade Likert scale was used, with options including “very weak”, “weak”, “average”, “strong”, and “very strong”.

The third set of variables focused on the profitability of the social enterprise run by the participants. The Likert scale provided five options: “at loss significantly”, “at loss”, “break-even”, “profitable”, and “significantly profitable”.

The role models for potential or new social enterprise managers in non-profit organisations were not the managers in for-profit organisations, but rather the social enterprise managers in non-profit

organisations. For the latter, business performance was identified as either “break-even”, “profitable”, or “significantly profitable”. The rationale was as follows. First, there was no need to narrow the role models to those “significantly profitable” organisations, as profit maximisation was not the purpose of social enterprises. Performance in the SEs was considered good enough as long as the social enterprise and its social value creation engine were sustainable. Second, for-profit organisations might achieve good financial performance with practices that non-profit organisation staff considered to be unethical. Hence they were good models but not the ideal model. The ideal model was people with the same background but who could achieve satisfactory financial performance within their social enterprises. The population meeting this set of criteria was expected to be very small. One such study with this population was conducted by Sharir and Lerner (2006); their results are shown in Table 3.4 in the Literature Review chapter.

Finally, the fourth set of variables covered the demographics of the participants. Instead of the questionnaire providing multiple choices, the participants were asked to simply quantify their years of experience as a social worker, as a manager, and as a social enterprise manager. The only exception was the question about whether the participant had received formal social work education; this question offered a binary choice of either “yes” or “no”.

Population and Sampling

The total population making up the test group consisted of 457 SEs listed in the 2014 Social Enterprise Directory published by HKCSS. Three factors have to be considered in terms of the sample's appropriateness—the sampling strategy, the distribution of survey, and the likely response rate. These factors affect the reliability of the results.

Likely Response Rate

Based on the pilot test as well as other, similar surveys of SEs, it is not easy to get responses from social enterprise staff.

- According to the Home Affairs Bureau, which had funded 155 social enterprise ventures run by non-profit organisations, only half of its grantees responded to the Bureau's annual surveys.
- For the 2013 Social Enterprise Directory published by the Hong Kong Council of Social Services, 406 social enterprises provided enough information to be listed in the Directory. However, only 48 (11.8%) of them also provided the financial information requested by the Council.

In other words, the Home Affairs Bureau, as a funder, got a response rate of approximately 50%. The Social Enterprise Directory, as a promoter, got a response rate of approximately 12%. Since the present research would not help the participants obtain funding or increase their exposure to the public, its response rate was expected to be even lower.

Sampling Strategy

Although probability sampling can sometimes lead to conclusions that can be generalised, this approach was not adopted in the present research owing to the difficulties in getting responses from the small population. Instead, a higher priority was placed on obtaining a sufficient minimum sample size.

Convenience sampling was adopted, because it was the best choice to get as many participants as possible for the test group. Many researchers consider a sample size of 30 to be the minimum needed if data are to be analysed statistically (Cohen et al. 2011:144). For the purposes of the present study, then, it was important to get more than 30 responses.

At the same time, both the test group and the four comparison groups were designed to represent certain institutional logics, such as social welfare logic, commercial business logic, and social entrepreneurial logic. From a practical sense, then, the samples were stratified. Within each group, the participants were highly homogeneous.

Distribution of the Survey

The survey was distributed to non-profit organisations, including those represented at monthly social worker and/or centre-in-charge meetings. Some of these non-profit organisations also operated social enterprises. Hence there was a high probability of capturing participants from the test group and the comparison groups who had formal education in social work. The survey was also distributed to MBA students, including those without work experience, those with work experience but not managerial

experience, and those with managerial experience only. Finally, the survey was distributed to part-time adult students taking a course related to management of social enterprises.

Ethical Considerations

Five factors needed to be considered to protect the interests of the research participants: voluntary informed consent, the right to withdraw, handling and storage of the data, potential harm, and the privacy of the research participants. In this research, the privacy of the research participants was the main concern. Unfortunately, there were also practical constraints in fulfilling this duty. Because the population was small, there was a potential problem of being unable to collect a sufficient number of responses to support the validity of the research results.

In this research, the data collected included 4 demographic questions and 20 questions on participants' attitudes toward business practices, their self-assessment on management skills, and the profitability of the social enterprises they were running. The sensitive point about these data was whether participants would be labelled as having a "mind-set" problem if they authentically responded that they disagreed with certain practices based on their personal value systems. If so, the participants and their organisations might be jeopardised by negative reactions from those persons reading the final research report. This concern was even more serious for those social enterprises that did not perform positively from a financial standpoint. This worry was considered valid, given the existing (negative) public opinions voiced about social workers as social entrepreneurs at public conferences, in the media, and in academic journals.

This worry had previously been apparent in the low response rate when the Hong Kong Council of Social Services requested information for its 2013 Social Enterprise Directory. Though SEs were told that only the aggregated information would be published, only 11.3% of SEs listed in the Directory provided financial data. This low rate occurred despite the fact that a listing in the 2013 Directory was a benefit to the social enterprise, as it was a major channel of gaining public exposure. Moreover, since this was a self-reported mechanism, the data might be biased.

In the aggregated financial results published by the HKCSS, 3.1% of the respondents reported positively when asked whether they distributed the SE's profits to the SE's shareholders. Given that there were 32 respondents to this question, it appears that only one social enterprise had issued a dividend. Furthermore, one social enterprise reported to the public that it had issued not more than 30% of its profits as dividends to its shareholders. From these two pieces of information, readers could readily draw a conclusion about which SE had issued a dividend. The point here is that if the absolute number of respondents is not large, it may be easy for readers to deduce which piece of data came from a particular respondent, even though the results are published in aggregated form.

A better way to protect the privacy of research participants is to eliminate the record of their participation in the survey. Hence the consent of the participants was assumed by their action of filling out and handing in the questionnaires. These actions were assumed to give passive consent. This combination of anonymous questionnaire and passive consent had the advantage of offering additional protection against identification of the research participants; in turn, it increased the response rate in a situation in which there might otherwise be too few responses. At the same time, it diminished the

accountability of the participants for the information provided and the traceability of the source of raw data.

Ethical approval for conducting the study was secured from the Research Ethics Committee of the School of Education. The other four factors required as ethical considerations are covered in the relevant documents in the appendix.

Reliability

Green and Brown (2005: 95) define reliability as “The extent to which an instrument produces consistent results”. Reliability is a necessary but insufficient condition for validity in research (Cohen et al. 2011:179). In quantitative research, reliability can be improved through sampling, appropriate instrumentation, and appropriate statistical treatments of the data. Standard error must be acknowledged as well.

Reliability Due to Homogeneity

The reliability of the data obtained from the test group depended on the degree of homogeneity of the survey participants, as well as the sample strategy and sample size. Since there was high homogeneity among the participants in the test group, the reliability of the collected data was ensured through convenience sampling and an appropriate sample size. The reliability of the data obtained from the control groups was assured by the sample size, because the population of managers outside social enterprises (i.e., social workers and social work managers) was much larger than the population of social enterprise managers. Therefore, it was easier to get participants for the control groups. The participants

who were managers but not social work educated and were running social enterprises were mainly socialised in the commercial business logic. Conversely, the social workers were socialised in the social welfare logic. Likewise, the social work managers were socialised in the social welfare logic, but were also influenced by managerialism.

In summary, the grouping of the participants by education and by work experience ensured that each group maintained a certain level of homogeneity, by being aligned with either the social welfare logic or the commercial business logic.

Reliability as Stability

The reliability of the instrument over time was reflected on the pilot test, whose administration was started in mid-2011 and continued until the end of 2012. The reluctance of the non-profit organisations' staff to embrace controlling practices, especially monthly reviews, monthly forecasting, and monthly adjustments of plans, remained consistent through the test. This internal reliability was shown in the different batches of responses in the pilot test that demonstrated a consistent pattern in which supportiveness for business practices among non-profit organisation staff members was lower than that among other groups of participants.

At the time of the pilot test, the Home Affairs Bureau was funding social enterprise training programs for about 70 to 80 practitioners per year. It was recognised that, if they had received such major training in social enterprise management, the attendees of the training should not be surveyed immediately after that program due to the halo effect of the training on their personal logic.

Furthermore, the maturation of the social work-educated social enterprise managers meant they were absorbing increasingly more commercial business logic as their tenure in these roles increased. This effect, it was thought, would narrow the differences between their responses and the responses of the control group. Hence the survey also captured the years of social enterprise experience so that the impact of maturation could be checked.

Reliability as Equivalence

A moderating variable (Creswell 2013:53) in the survey was the knowledge of the participants about the business practices that they were being asked to rate in regard to their supportiveness. On the one hand, without a clear understanding of these practices, their ratings might be based on misunderstanding or ignorance. On the other hand, these misunderstandings and ignorance were exactly the root cause that this research intended to investigate. In the pilot test, none of the items asked the participants to self-assess their overall skilfulness on the four sets of management practices (i.e., planning, organisation, leading, and controlling). The subsequent addition of these items provided another angle to check their responses to the different sets of practices, but through self-assessment of competence levels instead of self-assessment of supportiveness (an attitude).

Validity

Green and Brown (2005:95) define validity as “The extent to which an indicator measures what it intended to measure”. They suggest four types of validity strengthen the credibility of the measure used: face validity, content validity, construct validity, and criteria validity.

Face Validity

Face validity is a common-sense approach that assesses whether the indicators seem to be a measure of the variables of interest. Though they might be subjective, opinions on how to instil this type of validity were still valuable in the present research. Two types of experts were consulted. First, the survey was designed according to the findings and recommendations in the literature. Second, the results of the pilot

test were shared with senior social workers who had social enterprise experience. Their feedback confirmed that the direction and approach of the survey were appropriate.

Content Validity

Content validity refers to the comprehensiveness of the questions in covering all the elements of the concept that the researcher intended to measure. Comprehensiveness in the present research was built in by having three sets of questions. First, questions about the participants' supportiveness for selected business practices under each of the four management functions were asked. Second, participants were asked to self-assess their skilfulness in terms of the four management functions. Third, they were asked to quantify their years of experience in running social enterprises. The number of years of experience, it was assumed, would affect both the adoption of the new logic and the self-assessment of skilfulness as time went by. In short, the business performance of a social enterprise was hypothesised to depend on the employees' supportiveness and skilfulness in performing business practices. Furthermore, both the supportiveness and the skilfulness were expected to depend on the years of experience. All three factors were covered in the questionnaire.

Construct Validity

Construct validity asks whether an indicator performed in the way that the underlying theory said it should. One of such indicator in the present study was the length of time that participants would wait before terminating a poor-performing employee. The non-profit organisation staff, it was hypothesised, should be more tolerant. Another indicator was years of experience in running social enterprises. The supportiveness of the more experienced participants, it was thought, should more closely resemble that of the for-profit organisation managers.

Criteria Validity

Criteria validity refers to having a good external standard or benchmark. This survey was designed to have several control groups, which also served as benchmarks for the results. The commonalities and differences between the social enterprise managers from non-profit organisations and the average for-profit managers were compared to prove the directional hypothesis. The commonalities and differences within the non-profit organisation staff—that is, among social workers, social work managers, and social enterprise managers—was compared to reveal the prevalence of the social welfare logic within these subpopulations, and its conflicts with the commercial business logic.

Summary

The purpose of the research was to understand how to develop social workers to run social enterprises. The main research question sought “to explore variables associated with the adaptation of social workers to the role of social entrepreneurs”.

The epistemological position taken was positivist. The methodology adopted was quantitative. The research was intended to verify the directional hypothesis that non-profit organisation staff would be less supportive of some business practices, especially those related to the controlling function. A quantitative method based on questionnaires was chosen to collect data.

The categories of questionnaire items on the business practices came from textbooks on social enterprise management; the initial wordings of the questions about specific practices came from the researcher’s 2016-05

practical experience in mentoring social enterprises in Hong Kong in the last few years. However, the number of items was adjusted and the wording of the items revised three times during the pilot test.

A major component of the method used was the inclusion of control groups for comparative studies, including participants who had management experience but not from non-profit organisations, participants from non-profit organisations who lacked management experience, and those with management experience only.

Based on the experiences reported with two recent surveys conducted by other organisations, survey response rates tend to be low in this field. Social enterprise practitioners are cautious about releasing financial performance data and worry about the potential damage to their own or their organisations' reputation from the publication of such information. To address these concerns and better protect study participants, an anonymous survey was used in the present research. When the potential participants' worries were alleviated, it was thought, the survey response might be higher.

The reliability of the survey came from the homogeneity of the participants within the test group and within each control group. The reliability was tested in the pilot test, and consistency in the responses to the same items over batches of the survey was observed. In addition, the reliability of the data was confirmed in the pilot test through convergence of the results from related questionnaire items.

The validity of the survey came from the survey design, which ensured content validity, construct validity, and criteria validity. The analysis of findings from the pilot test also showed the expected results.

The research method used here, which is based on a quantitative approach, was intended to provide a large-scale understanding of the areas that non-profit organisation staff members need to address via education so that they can run social enterprises successfully. The quantification of the gaps between social enterprise managers in non-profit organisations and for-profit organisation managers on each business practices could be used to inform the curriculum design for training social enterprise managers who would work in non-profit organisations or who have received formal social work education.

Chapter 5: Presentation and Analysis of Findings

Introduction

This research started from identifying the curriculum design for developing social workers to run social enterprises. As the research evolved, the research question was narrowed down to understanding more about the “adaptation of the welfare-minded to the business practices for a small social enterprise in the Hong Kong context”.

According to Banks (1972), “social entrepreneurs are those who see the possibility of applying managerial skills for socially constructive purpose”. Therefore a key differentiator between social entrepreneurs and social workers is the application of managerial skills. In turn, the adaptation process addressed in the present study can be rephrased as “adaptation of the welfare-minded to the social entrepreneurial logic”.

The method used was a survey conducted through a questionnaire. But only 30 welfare-minded social entrepreneurs responded to the survey. Due to the scarcity of data, data from social workers and data from business-minded respondents were also corrected to supplement the understanding of the “social part” and the “business part” of the social entrepreneurs.

The purpose of this chapter is to report how the data were collected and processed based on the methodology and methods described in the previous chapter. Furthermore, the findings are organised in a sequence to support the arguments in a step-by-step fashion.

Adopting the quantitative method approach, this research focused on mapping out the significant differences in supportiveness demonstrated by individuals with commercial business logic and those with social welfare logic. This was achieved by comparing the supportiveness of business-minded participants and of welfare-minded participants for usage of certain business practices—specifically, the practices needed for managing small social enterprises. In the pilot test, the questionnaire was designed to collect subjective self-assessments of supportiveness for these business practices by these two groups of people. The initial findings confirmed that the welfare-minded participants were significantly less supportive of the business practices related to employees and to numbers. Hence the final research effort focused on the collection of more evidence on this issue. Its purpose was to verify the proposed barriers, such as the practice of disciplining employees, as well as to reveal more barriers that had not been discovered yet.

After the data collection and processing, multiple rounds of analysis were conducted.

1. The first round of analysis focused on the group of participants from social enterprises. The members of this social entrepreneurs group were asked to rate the performance of their social enterprises on an ordinal scale of 1 to 5. In this case, 1 was operating at a substantial loss and 5 was making a substantial profit. The result of this factor—namely, “SE performance”—was used as a criterion to identify which levels of supportiveness on the 14 practices were highly correlated to the business performance of the social enterprise.
2. After the analysis of the whole group, comparisons were made between the welfare-minded subgroup and the business-minded subgroup.

3. In the second round of analysis, the variation of the SE performance against the years of SE experience was charted to identify the average number of years needed by SEs to reach break-even. Then the whole group was divided into two subgroups. The novice subgroup included participants who had less than three years of experience; the experienced subgroup included those participants with three or more years of SE experience. The “years of SE experience” characteristic implied fitness for survival, which itself was a criterion for identifying key success factors. The less experienced personnel were compared to the more experienced personnel to identify factors showing significant differences.
4. The welfare-minded subgroup was further divided into those persons with less than three years of experience (less experienced) and those persons with three or more years of experience (more experienced).
5. The third round of analyses focused on those groups without any social enterprise experience. They included the welfare-minded managers, the welfare-minded non-managers, the business-minded managers, and the business-minded non-managers. They were compared on their supportiveness for use of the 14 business practices.
6. These groups were also compared based on their self-perceived planning, organising, leading, and controlling skills to better understand the combinations of skilfulness and supportiveness in these four areas that differentiated the business-minded and welfare-minded participants.

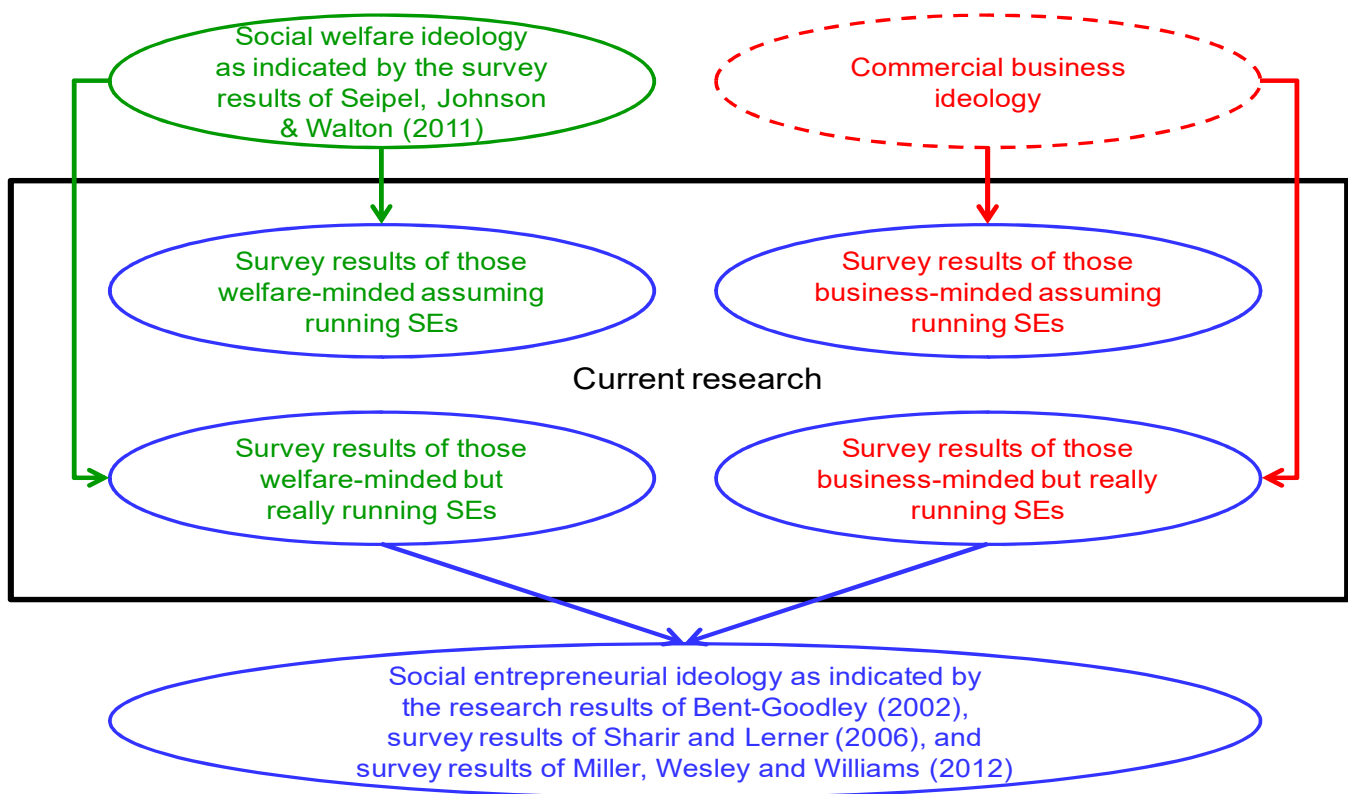
Structure of the Analysis and Findings

The research question addressed in this thesis is identifying ways to inform the curriculum design for “developing” “social workers” “to run social enterprises”. Social workers are often perceived to be less competent than their commercial-world peers in exercising the business and management skills

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necessary for running enterprises. In this research, the self-assessed “SE performance” of the social enterprise participants was used as a proxy for their “fitness” to the job. It highlighted which factors were important to the commercial success of the social enterprise. These factors addressed the third part of the research question—that is, “to run social enterprises”. Once these factors were identified, the next step was to “develop”, which is the first part of the research question. The variable “years of SE experience” was used to identify SEs that could survive long enough, and the changes in their status were shown over the years. Finally, the research sought to understand the “social worker”, which was the second part of the research question. Figure 5.1 shows the relationships among the findings.

Figure 5.1: Relationship between the Research Findings and the Literature Reviewed



Data Collection and Data Reliability

In total, 330 questionnaires were collected from nine sources.

- Four non-profit organisations had social enterprise operations. They separately provided 68, 47, 36, and 16 responses. The subtotal of these responses was 167.
- Three higher education institutes were represented by part-time master's-level students, including those in master of social work (MSW) and master of business administration (MBA) programs. All the MSW students were adult part-time students and most of them worked in

NGOs. Some part-time MBA students were also SE managers. The institutes separately provided 42, 38, and 23 responses. The subtotal was 103.

- A commercial corporation provided 36 responses from its management team.
- A church fellowship with the mission of mentoring enterprises on a voluntary basis provided 24 responses.

Since the majority of participants were from non-profit organisations, they had either a social work education background or social work experience. They could be described as welfare-minded. The remaining participants were mainly from the business sector or master of business administration programs. They could be described as business-minded.

Grouping of the Participants for Comparative Analyses

Seven questionnaires were excluded because they were missing data in many fields. Thus, the number of valid questionnaires was 323. As described in the Methodology and Methods chapter, the participants were further divided into five homogeneous groups for the comparative analyses. In addition to dividing the participants into those who were welfare-minded and those who were business-minded, the respondents were divided based on whether they had managerial experience. During the pilot test, it was found that managers and non-managers had very different responses to some business practices; hence the subgroups were created in the comparative analyses. Finally, those participants who had social enterprises experience were grouped separately because it was hypothesised that they would have or would start to develop the social-entrepreneurial ideology.

Each of these five groups was still of an appropriate size to ensure data reliability.³² The grouping is detailed here and shown in Figure 5.2:

- A group of 51 “business-minded managers”, who had management experience but no social enterprise experience. They did not have social work education or social work experience; hence they were classified as business-minded. They were supposed to be the benchmark for the welfare-minded respondents.
- A group of 66 “business-minded non-managers”, who had no management experience. In other words, they were “business-minded employees”.
- A group of 108 “welfare-minded managers”, who had management experience but no social enterprise experience. They had either social work education or social work experience; hence they were classified as welfare-minded. They were mainly “social work managers”.
- A group of 52 “welfare-minded non-managers”, who had no management experience and no social enterprise experience. In other words, they were “social workers”.
- A group of 46 social enterprise staff members, which consisted of:
 - 30 welfare-minded managers
 - 4 welfare-minded non-managers
 - 12 business-minded managers

³³ The variables were grouped into three sets based on the result of principal factor analysis, as shown in Appendix 4.1. Averages were calculated for the three sets of factors.

Figure 5.2: Grouping of All Participants

	Business-Minded, $N = 129$	Welfare-Minded, $N = 194$
Have Management Experience $N = 201$	Business-minded managers $N = 51$	Welfare-minded managers $N = 108$
	Social Enterprise Employees	
	$N = 12$	$N = 30$
No Management Experience $N = 122$	$N = 0$	$N = 4$
	Business-minded non-managers $N = 66$	Welfare-minded non-managers $N = 52$

Correlations on Supportiveness

Based on the data collected, the bivariate correlation among the 14 business practices³³ is shown in Table 5.1. As explained in the Methodology and Methods chapter, the organising function in business is concerned mainly with organisational design, job design, recruitment, and placement of employees. In Hong Kong, most social enterprises are small enterprises with only a few employees. Hence business practices for organising function were not included in the questionnaire.

³³ The variables were grouped into three sets based on the result of principal factor analysis, as shown in Appendix 4.1. Averages were calculated for the three sets of factors.

Table 5.1: Correlations on Supportiveness for Business Practices

	P1	P2	P3	O1	O2	O3	L1	L2	L3	L4	L5	C1	C2
P1 (Annual goal)													
P2 (Customer Study)	.425**												
P3 (Competitor Study)	.334**	.519**											
O1 (Feedback to Employees)	.386**	.329**	.298**										
O2 (Incentivising Employees)	.284**	.281**	.259**	.280**									
O3 (Dismissing Employees)	.201**	.113*	.150**	.121*	.186**								
L1 (Reviewing Productivity)	.364**	.366**	.404**	.301**	.137*	.158**							
L2 (Investing in Public Relations)	.253**	.337**	.358**	.241**	.255**	.077	.298**						
L3 (Exploiting New Customers)	.373**	.284**	.338**	.346**	.326**	.194**	.293**	.474**					
L4 (Up-selling)	.156**	.092	.165**	.239**	.244**	.255**	.185**	.204**	.295**				
L5 (Asking for Referrals)	.221**	.213**	.193**	.382**	.201**	.130*	.200**	.291**	.398**	.511**			
C1 (Monthly Review)	.369**	.325**	.349**	.274**	.230**	.183**	.347**	.291**	.376**	.142*	.236**		
C2 (Monthly Forecast)	.283**	.261**	.303**	.139*	.239**	.257**	.292**	.252**	.237**	.174**	.201**	.568**	
C3 (Monthly Plan Adjustment)	.280**	.244**	.307**	.140*	.249**	.240**	.329**	.270**	.350**	.219**	.130*	.488*	.609*

*Correlation significant at the .05 level (2-tailed).

**Correlation significant at the 0.01 level (2-tailed).

Since the supportiveness was based on actual practice, there was no need to conduct principal factor analysis. The practices were not factors within a competence or a value. Rather, each practice existed independently and could be modified or acted on. The whole design of the research was intended to identify which practices would cause problems among the social workers who ran social enterprises.

Findings on “The Role of the Social Entrepreneur”

This section seeks to understand the “running social enterprises” part of the research question. The aim of this analysis was to identify the “relevant” competencies based on their correlations with SE performance. The competencies included 15 related to supportiveness and 4 related to skilfulness. The relevant competencies were areas that social workers had to strengthen if they were to run SEs effectively. In turn, the corresponding curriculum for social workers had to pay attention to these competencies.

The survey results are presented in Table 5.2. First, the responses from all 34 SE managers were analysed. From the 34 responses, those from participants who were welfare-minded were extracted and analysed. The 34 responses were then broken out into those from welfare-minded participants and those from business-minded participants. The remaining 9 responses from business-minded participants are also presented for comparison.

Table 5.2: Responses from Welfare-Minded and Business-Minded Individuals in the SE Group

	SE Manager N = 34, Means	Corre- lation to SE Perform- ance	Social- Minded SE Manager N = 25, Means	Corre- lation to SE Perform- ance	Business- Minded SE Manager N = 9, Means	Corre- lation to SE Perform- ance
SE Performance	3.24		3.32		3.00	
Years of SE Experience	3.000	.512**	3.32	.469*	2.101	.643
P1 (Annual Plan)	4.265	.208	4.280	.246	4.222	.000
P2 (Customer Study)	4.147	.036	4.160	.098	4.111	-.186
P3 (Competitor Study)	4.029	.120	4.000	.224	4.111	-.120
L1 (Reviewing Productivity)	4.206	.240	4.200	.279	4.222	.168
L2 (Investing in Public Relations)	4.000	.312	4.040	.418*	3.889	.186
L3 (Exploiting New Customers)	4.353	.008	4.400	-.011	4.222	.000
L4 (Up-selling)	3.706	.162	3.840	.167	3.333	.100
L5 (Asking for Referrals)	4.118	.125	4.160	-.086	4.000	.516
O1 (Feedback to Employees)	4.392	.274	4.493	.215	4.111	.372
O2 (Incentivising Employees)	3.912	.340*	3.800	.351	4.222	.503
O3 (Dismissing Employees)	3.278	.456**	3.299	.506**	3.222	.307
C1 (Monthly Review)	4.118	.068	4.040	.067	4.333	.224
C2 (Monthly Forecast)	3.853	.093	3.840	.048	3.889	.286
C3 (Monthly Plan Adjustment)	3.971	.036	3.880	.075	4.222	.000
Planning Skills	3.24	.033	3.16	.213	3.44	-.616
Organising Skills	3.39	.331	3.24	.291	3.44	.636
Leading Skills	3.21	.342*	3.16	.413*	3.33	.158
Controlling Skills	3.03	.183	2.92	.277	3.33	.000

* 95% level of confidence that the factor correlates to "SE performance".

** 99% level of confidence that the factor correlates to "SE performance".

Factors Relevant to the SE Performance

In Table 5.2, the average SE performance of the whole group was 3.24 on a scale of 1 to 5, in which a self-assessed score of 2 meant having a little loss, 3 was break-even, and 4 meant having a little profit. The average years of SE experience for the whole group was 3 years.

The factor most relevant to the SE performance was the years of SE experience; its correlation coefficient was 0.512. The second most relevant factor was the supportiveness for dismissing employees; its correlation coefficient was 0.456. The level of confidence for these two factors was above the 99% level. The third most relevant factor was leading skills, with a correlation of 0.342. The fourth most relevant factor was the supportiveness for incentivising employees, with a correlation of 0.340. The level of confidence for these two factors was above 95% but less than 99%.

When the sample was limited to the 9 business-minded SE managers, the average years of SE experience was 2.101 years, and the average SE performance was 3.00. None of the factors correlated to the SE performance at a level of confidence higher than 95%. This was probably due to the small sample size (9 responses).

For the remaining 25 welfare-minded SE managers, the relevant factors were similar but not exactly the same as for the overall sample. The average SE performance of this sample was 3.32. The average years of SE experience was 3.32 years, with a correlation coefficient of 0.469. The most relevant factor, however, was supportiveness for dismissing employees. Its correlation coefficient was 0.506, and the level of confidence was above 99%. Apart from years of SE experience, two other factors had a level of

confidence that was above 95% but lower than 99%—namely, supportiveness for investing in public relations and skilfulness of leading.

Factors That Might Be Relevant

A point to note was that the incentivising employees practice appeared in the responses of all 34 SE managers, where the correlation coefficient was 0.340. However, it did not appear in the responses of 25 welfare-minded SE managers, where the correlation coefficient was 0.351. It also did not appear in the sample of 9 business-minded SE managers, where the correlation coefficient was 0.503, which was very high. There was also a strong correlation between incentivising employees and SE performance among the business-minded SE managers. The issue in this case may be that the sample size was too small, leading to a low level of confidence in the results.

A similar issue arose with years of SE experience and organising skills among the business-minded SE managers. These correlation coefficients were 0.643 and 0.636, respectively. However, the confidence levels were also low due to the small sample size.

Learning from This Section

Supportiveness for dismissing employees was the competency most relevant to SE performance for the welfare-minded SE managers. This confirmed the arguments made by earlier scholars (Austin et al. 2006; Bent-Goodley 2002; Edwards 2010; Germak et al. 2009). The other two relevant competencies were supportiveness for investing in public relations and leading skills. Years of SE experience was also relevant to the SE performance, as expected.

Findings on “Adaptation”

This section seeks to understand the “developing” part of the research question of “developing social workers for running social enterprises”. The aim of the analysis was to understand the development of social enterprises’ business performance over time.

Figure 5.3 shows the breakdown of the participants, and the grouping of the data for analyses. The whole sample of the social enterprise group had 46 participants, 4 of whom were employees and 42 of whom were SE managers.

Figure 5.3: The Various Groupings of the SE Participants for Analyses

Total number of participants who had SE work experience: 46				
Number of participants who had SE management experience: 42				
Number of participants who had SE management experience and provided SE performance data: 34				
Divide the 34 responses into four subgroups based on years of SE experience				
< 2 years of experience, N = 9, SE Performance: 1.89	2 to <4 years, N = 15, SE Performance: 3.53	4 to <6 years, N = 4, SE Performance: 3.75	6 to 8 years, N = 6, SE Performance: 4.17	
Divide the 34 responses into welfare-minded and business-minded subgroups				
Welfare-minded SE managers, N = 25, SE Performance: 3.32			Business-minded SE managers, N = 9, SE Performance: 3.00	
Divide the 25 responses into four subgroups, each spanning two years				
<2 Years, N = 5, SE Performance: 1.60	2 to <4 Years, N = 12, SE Performance: 3.58	4 to <6 Years, N = 2, SE Performance: 3.50		6 to 8 years, N = 6, SE Performance: 4.17
Divide the 25 responses into two subgroups using third year as the line				
< 3 Years of SE Experience, N = 11, SE Performance: 3.00		≥ 3 Years of SE Experience, N = 14, SE Performance: 3.57		

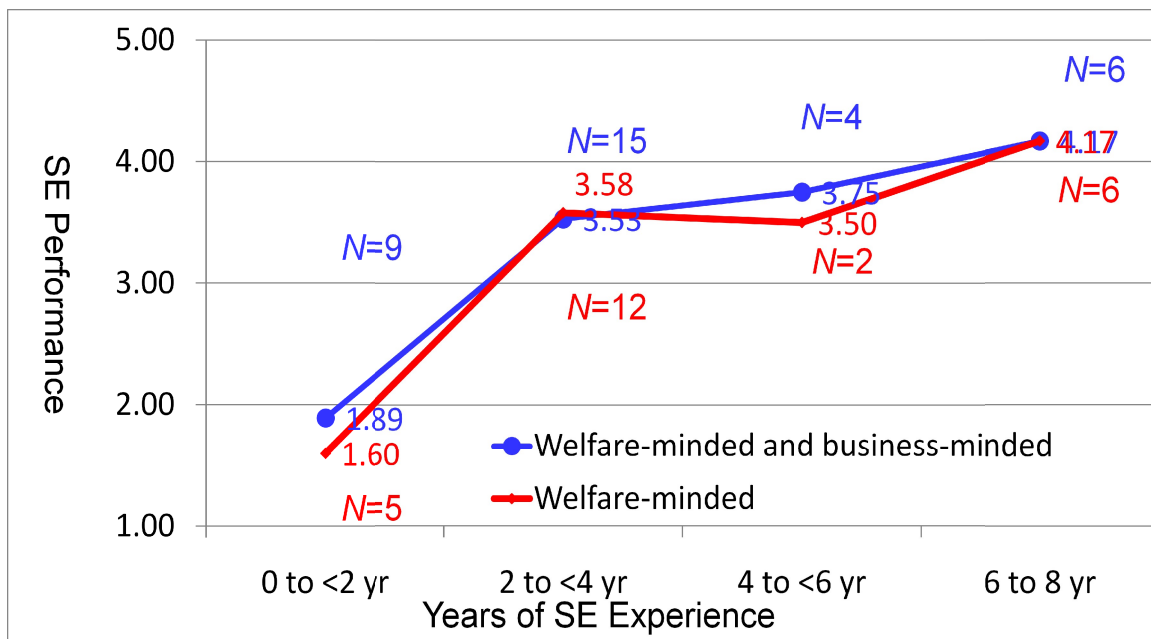
SE performance was the variable used to identify successful SEs, but only 34 participants provided data on their organisation's performance. This low response rate reflected the general reluctance of the participants to provide financial-related information. The 34 responses were divided into four time spans based on the years of SE experience to show the changes over the years. Each span covered two years. There were 16 responses with less than 2 years of SE experience, and the mean SE performance score was 2.8 (on a scale of 1 to 5). There were 11 responses in the next time span, which was from 2 to less than 4 years. The mean of the SE performance scores for this subgroup was 3.27. There were 5 responses in the third time span, which was from 4 to less than 6 years of SE experience. Finally, there were two responses in the fourth time span, which was from 6 to 8 years of SE experience. The findings showed that the means of the SE performance improved as the years of SE experience increased.

The 34 responses from SE managers were also regrouped into the 25 welfare-minded SE managers and the 9 business-minded SE managers for another round of analysis. The 25 responses from the welfare-minded SE managers were also divided into the four time spans. A positive correlation between the years of SE experience and SE performance was identified in this analysis as well.

Since there were only 25 responses in the welfare-minded SE managers sample, the sample was divided into two halves to identify the factors that were significant for changes in SE performance. The "novice subgroup" included those respondents with less than three years of SE experience. The "experienced subgroup" included those with three or more years of SE experience.

Figure 5.4 shows the comparison between the sample with 34 participants, including both welfare-minded and business-minded respondents, and the sample with 25 participants, including only the welfare-minded SE managers.

Figure 5.4: Comparison between the Whole Sample and the Sample of Welfare-Minded SE Managers



Learning from This Section

There were 30 welfare-minded SE managers, but only 25 (83%) provided SE performance data. There were 12 business-minded SE managers, but only 9 (75%) provided these data. It was more difficult to get the financial data from the business-minded respondents than from their welfare-minded counterparts.

The average SE performance of the 9 business-minded SE managers' enterprises was 3.00; that of the 25 welfare-minded SE managers was 3.32. Though the business-minded SE managers had better SE performance in the initial two years of their organisations' existence, only one of these social enterprises was found to have reached the third time span and none was noted in the last time span. A possible explanation for this finding is that the trend of business-minded people joining social enterprises started only a few years ago; hence not many of them have accumulated much experience in this area. Furthermore, though the business-minded respondents performed better than the welfare-minded respondents in the initial two years of their SEs' existence, the average SE performance of the business-minded managers' enterprises was still 2.80—that is, not yet at the break-even point. In other words, their organisations had better financial performance, but not good enough to be profitable upfront.

The learning curve showed the improvement in SE performance with greater years of SE experience, though it was hard to tell whether this trend was due to improvement through experience or reflected the disappearance of those SEs with poor performance. The main observation was that the average break-even time of SEs was around three years. This could be the baseline for improving the curriculum for social entrepreneurship.

Further Analysis of “Adaptation”

This section seeks to understand more about the “developing” part of the research question. The focus of this analysis was on the relationships among the 19 competencies, including supportiveness and skilfulness, years of SE experience, and SE performance.

First, the welfare-minded SE managers were further divided into the novice group and the experienced group, using the third year of experience as the cut-off line. The average scores for the 19 competencies in these two time periods are shown in Table 5.3. Second, the correlation coefficients of four relevant competencies and years of SE experience to SE performance over time were calculated; they are shown in Figure 5.5. Third, a distribution of average scores of the four relevant competencies against the five ranks of SE performance was created; it is shown in Table 5.4 and Figure 5.6. Finally, the correlations among the four competencies were checked.

Table 5.3: Comparing Novice Managers and Experienced Managers in the SE Group

	< 3 Years of SE Experience N = 11, Means	Correlation Coefficients to SE Performance	≥3 Years of SE Experience N = 14, Means	Correlation Coefficients to SE Performance
SE Performance	3.00		3.57	
Years of SE Experience	1.591	.893*	4.679	.491
P1 (Annual Plan)	4.182	.559	4.357	-.090
P2 (Customer Study)	4.278	.289	4.071	.046
P3 (Competitor Study)	3.909	.324	4.071	.046
L1 (Reviewing Productivity)	4.182	.000	4.214	.669*
L2 (Investing in Public Relations)	4.000	.528	4.071	.262
L3 (Exploiting New Customers)	4.364	-.267	4.429	.162
L4 (Up-selling)	3.818	.112	3.857	.215
L5 (Asking for Referrals)	4.091	-.375	4.214	.201
O1 (Feedback to Employees)	4.484	.180	4.500	.256
O2 (Incentivising Employees)	3.727	.429	3.857	.290
O3 (Dismissing Employees)	3.273	.522	3.319	.526
C1 (Monthly Review)	4.091	.385	4.000	-.151
C2 (Monthly Forecast)	3.727	.257	3.929	-.176
C3 (Monthly Plan Adjustment)	3.909	.192	3.857	-.010
Planning Skills	2.91	.487	3.36	-.147
Organising Skills	3.09	.500	3.36	.102
Leading Skills [#]	2.82	.559	3.43	.226
Controlling Skills	2.73	.429	3.07	.039

* 99% level of confidence that the factor correlates to “SE performance”.

[#] 95% level of confidence that the left-hand side means and the right-hand side means are different based on *T*-test.

In Table 5.3, the 25 welfare-minded SE managers are further divided into the novice subgroup and the experienced subgroup. The novice subgroup included 11 responses and the average SE performance was 3.000. The average years of SE experience was 1.591; years of SE experience was also the only relevant factor, with a correlation coefficient of 0.893. The level of confidence was above 99%.

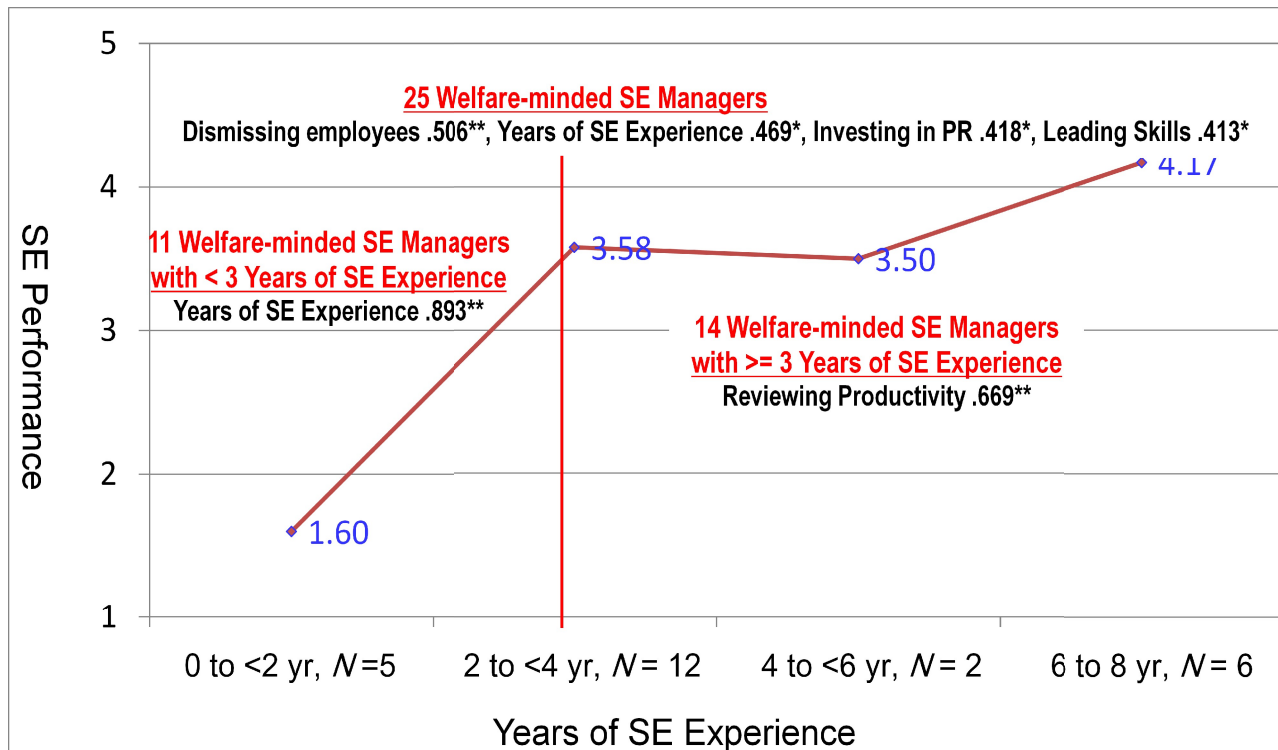
In the experienced subgroup, the average SE performance was 3.57. The average years of SE experience was 4.679. The only relevant factor was the reviewing productivity practice; its correlation coefficient was 0.669 and the level of confidence was above 99%.

Finally, the average leading skills score increased from 2.82 in the novice subgroup to 3.43 in the experienced subgroup. When the *T*-test was performed, there was a significant difference between the novice and experienced subgroups.

Relevant Factors for SE Performance over Time

Based on these findings, the relevant factors affecting the SE Performance over the years were identified (Figure 5.5). Apart from years of SE experience, the other four factors found to be relevant were competencies of social entrepreneurs, including supportiveness for dismissing employees, investing in public relations, reviewing productivity, and leading skills.

Figure 5.5: Factors Affecting SE Performance over the Years



Over the whole period, dismissing employees, years of SE experience, investing in public relations, and leading skills were highly correlated with SE performance. If the period was divided into two halves, however, SE performance in the novice period was highly correlated with years of SE experience. SE performance in the experienced period was highly correlated with the reviewing productivity practice.

Correlations between Scores of the Competencies and SE Performance

The distribution of the scores of the competencies among the scores for SE performance might explain this situation, as shown in Table 5.4.

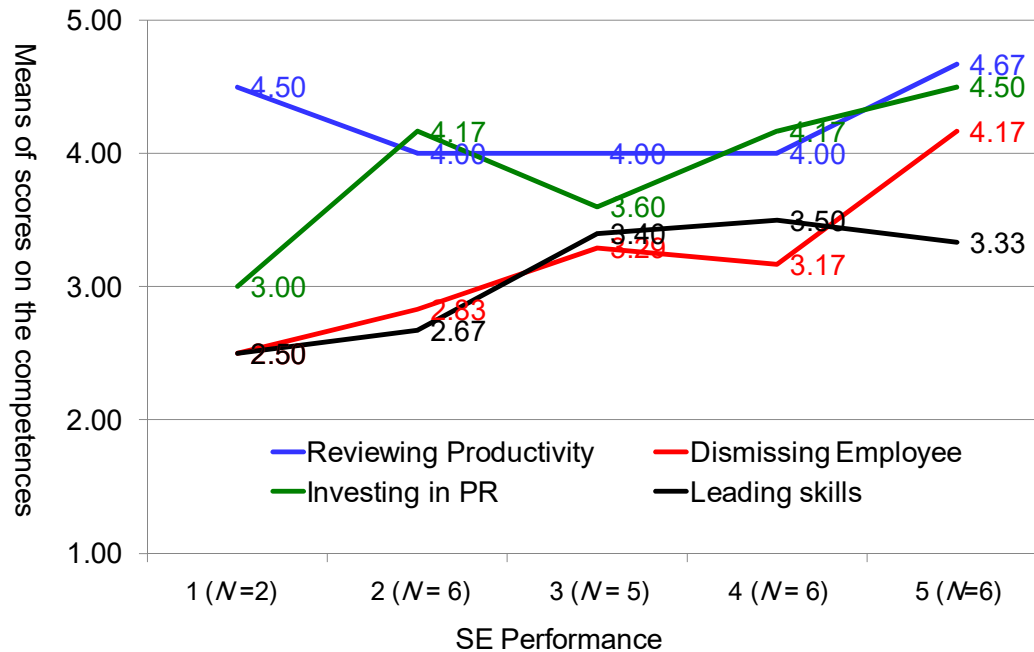
Table 5.4: Scores of the Four Competencies Compared to SE Performance Scores

Competencies	SE	SE	SE	SE	SE
	Performance Score = 1, N = 2, Mean	Performance Score = 2 N = 6, Mean	Performance Score = 3 N = 5, Mean	Performance Score = 4 N = 6, Mean	Performance Score = 5 N = 6, Mean
Dismissing Employees	2.500	2.833	3.293	3.167	4.167
Investing in Public Relations	3.000	4.167	3.600	4.167	4.500
Reviewing Productivity	4.500	4.000	4.000	4.000	4.667
Leading Skills	2.50	2.67	3.40	3.50	3.33

The scores of the four competencies are presented in a line chart in Figure 5.6, as the visual lines make it easier to interpret their correlation with SE performance.

- Those participants who gave high scores to SE performance also gave high scores to the dismissing employees practice, whereas those who gave low scores to SE performance also gave low scores to dismissing employees.
- A similar situation happened on the lines for leading skills and investing in public relations, although the contrasts were not as big as on the line for dismissing employees.
- The line for reviewing productivity did not show a similar effect in the sample including all 25 welfare-minded SE managers. In the experienced subgroup, however, it showed the strong correlation.

Figure 5.6: Relationships between the Four Competencies and SE Performance



Bivariate Correlation among the Four Competencies

Table 5.5 lists the correlations among the four competencies. In terms of supportiveness for the three practices, both dismissing employees and reviewing productivity were correlated to investing in public relations at least a 95% level of confidence. The correlation between dismissing employees and reviewing productivity was low, however. Leading skills had no strong correlation to the other competencies.

Table 5.5: Bivariate Correlation among the Four Competencies of Social Entrepreneurs

	Leading Skills	Reviewing Productivity	Dismissing Employees	Investing in Public Relations
Leading Skills		.246	.191	.368
Reviewing Productivity	.246		.214	.431*
Dismissing Employees	.191	.214		.477*
Investing in Public Relations	.368	.431*	.477*	

* 95% level of confidence that the two competencies correlate.

Learning from This Section

Table 5.6 summarises the correlation coefficients of the relevant factors for SE performance from this section and the previous section.

Table 5.6: Summary of All Relevant Factors and Their Correlation Coefficients to SE Performance

	All 34 SE Managers	25 Welfare-Minded SE Managers	11 Novice Welfare-Minded SE Managers	14 Experienced Welfare-Minded SE Managers
Years of SE Experience	0.512**	0.469*	0.893**	
Dismissing Employees	0.456**	0.506**		
Reviewing Productivity				0.669**
Investing in Public Relations		0.418*		
Incentivising Employees	0.340*			
Leading Skills	0.342*	0.413*		

* 95% level of confidence that the factor correlates to SE performance.

** 99% level of confidence that the factor correlates to SE performance.

Findings on “Social Workers”

This section seeks to understand the second part of the research question of “developing social workers for running social enterprises”—that is, the “social workers” component. This understanding, however, must be grounded in comparisons with other professional or educated individuals.

The survey results from the 277 participants were divided into four mutually exclusive groups based on four demographic questions—that is, social work education, social work experience, years of management experience, and years of social enterprise experience. The four groups are identified and analysed in Table 5.7.

Table 5.7: Means of the Supportiveness for Business Practices among the Four Groups

Supportiveness	Business-Minded Manager Means, <i>N</i> = 51	Level of Confidence That There Was a Difference	Welfare-Minded Manager Means, <i>N</i> = 108	Level of Confidence That There Was a Difference	Welfare-Minded Employee Means, <i>N</i> = 52	Level of Confidence That There Was a Difference	Business-Minded Individual Means, <i>N</i> = 66
P1 (Annual Plan)	4.333		4.278		4.231		4.242
P2 (Customer Study)	4.353		4.324		4.250		4.167
P3 (Competitor Study)	4.235		4.194		4.135		4.015
L1 (Reviewing Productivity)	4.196		4.250		4.154		4.182
L2 (Investing in Public Relations)	4.059		4.167		4.192		4.136
L3 (Exploiting New Customers)	4.314		4.278		4.197		4.216
L4 (Up-selling)	3.882		3.815	#	3.538		3.652
L5 (Asking for Referrals)	4.039		4.037		3.885		4.000
O1 (Feedback to Employees)	4.412		4.343	†	4.173		4.308
O2 (Incentivising Employees)	4.176		4.130		4.038		3.894
O3 (Dismissing Employees)	3.549		3.481	#	3.192	#	3.591
C1 (Monthly Review)	4.353		4.185		4.212		4.227
C2 (Monthly Forecast)	4.176	##	3.833		3.980		3.909
C3 (Monthly Plan Adjustment)	4.059	#	3.815	##	4.135		4.015
Planning Skills	3.59	##	3.22		3.12	#	3.47
Organising Skills	3.61		3.58		3.42		3.48
Leading Skills	3.65	##	3.27		3.10	##	3.56
Controlling Skills	3.43	#	3.17	†	2.90	##	3.37

† 90% level of confidence that the left-hand side means and the right-hand side means are different.

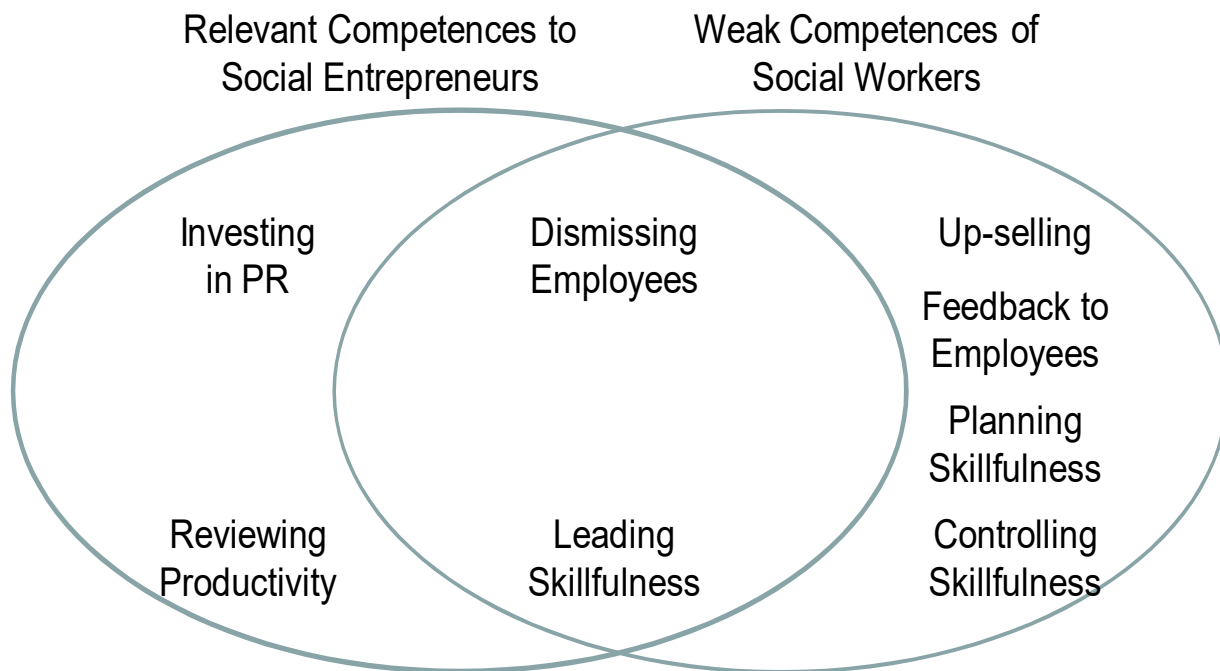
95% level of confidence that the left-hand side means and the right-hand side means are different.

99% level of confidence that the left-hand side means and the right-hand side means are different based on *T*-test.

Relative Weakness and Relevancy to SE Performance

When combining the data in Table 5.7 with the findings in previous section, three lists of competencies needed attention (Figure 5.7).

Figure 5.7: Competencies on Which Social Workers Were Relatively Weaker or That Were Relevant to SE Performance



The first list comprised the competencies on which the social workers were relatively much weaker than the business-minded managers, but that were irrelevant to SE performance. These competencies might mislead the educators to waste effort on them. They included up-selling, feedback to employees, planning skills, and controlling skills.

The second list consisted of the competencies on which the social workers were at a similar level as the business-minded managers. These competencies were also strongly relevant to SE performance. These relevant competencies, which might be overlooked by educators, included investing in public relations and reviewing productivity.

The last list included those competencies on which the social workers were relatively much weaker than the business-minded managers, but that were also relevant to SE performance. They included dismissing employees and leading skills.

Differences between Social Workers and Social Work Managers

Significant differences between social workers and social work managers were found in regard to their supportiveness for the practices of dismissing employees, up-selling, and feedback to employees. A possible explanation was that their managerial experience had changed the social work managers by encouraging them to take a more practical attitude toward their treatment of other people, whether employees or customers. With employees, the social work managers might be more inclined to take more confrontational approaches compared to the social workers. With customers, the social work managers might find it easier to adopt an influential attitude compared to the social workers. The implication of this finding is that there is a high probability that social workers will adapt to the nature of their SE job requirements over time, either through modification of their personal value systems or by developing new practices to work around the people issues that might otherwise require them to change their value systems.

From Social Workers to Welfare-Minded SE Managers

Table 5.8 shows changes in the self-assessed scores on the four competencies that are strongly relevant to SE performance.

Table 5.8: Changes in Emphasis on Competencies from Social Workers to Welfare-Minded SE

Managers

	Social Workers		Welfare- Minded Novice SE Managers		Welfare- Minded Experienced SE Managers		Business- Minded Managers
	N = 52		N = 11		N = 14		N = 51
	Means	Change	Means	Change	Means	Change	Means
Years of SE Experience	0		1.591		4.679		0
Reviewing Productivity	4.154	+0.028	4.182	+0.032	4.214	−0.018	4.196
Investing in Public Relations	4.192	−0.192	4.000	+0.071	4.071	−0.012	4.059
Dismissing Employees	3.192	+0.081	3.273	+0.046	3.319	+0.230	3.549
Leading Skills	3.10	−0.28	2.82	+0.61	3.43	+0.22	3.65

In Table 5.8, the supportiveness for the practices of reviewing productivity, investing in public relations, and dismissing employees did not vary much among social workers, novice welfare-minded SE managers, experienced welfare-minded SE managers, and business-minded managers. These three competencies were all relevant to SE performance.

In contrast, novice welfare-minded SE managers and experienced welfare-minded SE managers differed significantly in their emphasis on leading skills. Furthermore, there was still room for improvement as compared to the business-minded managers. A possible explanation of these findings—that is, the difference in changes between the skilfulness and the supportiveness assessments—is that it is easier to develop skills than to change one's attitude or value system. Most people accept that different skill levels exist; for attitude, however, there are only different options, not different levels.

A key point to note is the change in emphasis on leading skills from social workers to novice welfare-minded SE managers. When social workers move into a manager role, there is an adjustment of the reference point for self-assessment. For example, a social worker might associate “leading” with leading colleagues or volunteers for a project. By comparison, a novice welfare-minded SE manager might associate “leading” with sales and marketing activities—areas where he or she probably has some difficulties.

Learning from This Section

In the present study, there were three findings to the “social workers” component of the research question. First, the relative weaknesses of social workers as compared to business-minded managers or other individuals are not necessarily relevant to their performance in running SEs. Conversely, those competencies of social workers that are similar to those of business-minded managers might be relevant to SE performance.

Second, the social work management experience might condition welfare-minded individuals to take more practical approaches in their treatment of people.

Third, in the adaptation of social workers to the SE management job, a significant change occurs in their leading skills. Any change in their supportiveness for business practices is much less obvious.

Summary

After four rounds of analyses, 10 findings were discovered that might help curriculum design.

Table 5.9: Summary of Findings

Finding	Against Expectation
1. In the sample with 34 SE managers, the factors associated with SE performance were years of SE experience, dismissing employees, incentivising employees, and leading skills.	Expected: Years of SE experience, dismissing employees, and leading skills Unexpected: The absence of up-selling, asking for referral, controlling skills
2. In the sample consisting of 25 welfare-minded SE managers, the relevant factors were dismissing employees, years of SE experience, investing in public relations, and leading skills	Same as above
3. In the sample consisting of 11 novice welfare-minded SE managers, the most strongly relevant factor was years of SE experience.	Expected: Years of SE experience
4. In the sample consisting of 14 experienced welfare-minded SE managers, the most strongly relevant factor was reviewing productivity.	Unexpected: Reviewing productivity
5. There was a significant change in leading skills between the novice group and the experienced group.	Expected: Significant improvement in the leading skills Unexpected: No significant changes in supportiveness for all 14 business practices

Chapter 6: Discussion Related to the Research Problem

Introduction

The purpose of this chapter is to discuss the possible interpretations, implications, and actions of the findings in the previous chapter. The findings are then integrated into various points of view. The final deliverable is a proposal on how to speed up the adaptation process of social workers who are moving to social enterprise management jobs.

This chapter includes seven sections, covering dismissing employees, reviewing productivity, investing in public relations, leading skills, the time factor, the probable relevant factors and nonfactors, and a summary.

Dismissing Employees

The wording of the question related to dismissing employees was revised twice through the pilot tests. The final wording of the question was “For below-standard employees, we will give a correction period not more than 3 months”. The choices were 1 = much longer, 2 = longer, 3 = appropriate, 4 = shorter, and 5 = much shorter. Hence, the higher the score, the less tolerance the respondent showed to the SE employees.

Findings from Research and Literature Review

There were three related findings. First, as shown in Figure 5.6, the average scores of supportiveness for this practice given by welfare-minded SE managers ranged from 2.500 to 4.167. This wide range reflected their diverse attitudes. It also exhibited a strong correlation to SE performance.

Second, in Table 5.7, the average supportiveness score given by the social workers to this practice was 3.192, the lowest among the 14 practices. This confirms the assertion made by the Central Policy Unit of the Hong Kong government (Tang et al. 2008: xiv–xv) that “social workers from NGOs do not always follow decisions, particularly relating to the discipline of workers”.

Third, the score given by the social work managers was 3.481, which differed significantly from the score given by the social workers. The existence of this difference was previously mentioned by Chan (2008:19): “Even if the top management has the right mind-set, lots of efforts have to be made to convince the middle management or front-line staff of such beliefs”. The difference between social work managers and social workers hinted that the attitude toward dismissing employees could change over time, however.

Interpretation and Implications

According to the National Association of Social Workers (Morales 2007:41), “Social work is the professional activity of helping individuals, groups, or communities enhance or restore their capacity for social functioning and creating societal conditions favourable to that goal”. The work-integration social enterprise (WISE) is the means of intervention toward this end explored in the present study.

The dilemma is that if the nonperforming employees are not disciplined or dismissed, the social enterprise may fail from a financial standpoint and have to be closed, so that the performing employees will also lose the opportunities of being helped. The disciplinary action itself, however, contradicts the aim of restoring or enhancing the social function of those employees who are also clients.

The problems that social workers have in managing employees were raised since more than a decade ago. When Bent-Goodley (2002) conducted her research on social work entrepreneurship, she identified the “ethical dilemma” as a key issue for social workers in running businesses, referring to the difficult choice between an action that is based on social work values and an action that is based on business values. The former incorporates greater concern about client needs, while the latter is more concerned with financial considerations. According to Seipel et al. (2011:445–461), “ethics” was the most valued attribute among the 49 attributes in the survey they conducted among 70 social services agency administrators dealing with their selection of job candidates. Thus, Bent-Goodly explains the concern associated with the ethical dilemma, while Seipel et al. indicate the importance of this concern.

Edwards (2008, 2010) argues that businesspeople build control systems, while social workers build support systems. Commercial business owners can usually discipline their employees without hesitation. In contrast, social workers tend to protect their clients. Social entrepreneurs build a support system, but it requires a strong controlling function to assure the social enterprise maintains the financial stability needed for survival. The sustainability of the social enterprise, in turn, affects the continuity of the vocational rehabilitation services provided to the clients who are not competitive in the normal job market.

The challenge to social workers who are running social enterprises is how to balance their competing missions of social value creation and financial value creation. These workers not only need to demonstrate a willingness to forego social value creation so as to assure the sustainability of the organisation, but also the business acumen to determine how much withholding is just enough. The opportunity cost of tolerating a non-productive or anti-productive employee includes more than the salary of employee in question; it also encompasses the morale of those more highly functioning employees. Displaying greater tolerance, however, may attract funders and supporters who value the social value creation mission. If the financial position of the social enterprise is strong, there can still be tolerance. The skilfulness of the social entrepreneur's business management practices, therefore, influences this individual's supportiveness for the range of options available.

Possible Solutions to Address the Concern

Supportiveness is an attitude reflecting the individual's intrinsic motivation. According to Deci and Ryan (2002:7–8), intrinsic motivation requires autonomy, competence, and relatedness. These authors define autonomy as acting from interest and integrated values, competence as the feeling of effectiveness in ongoing interactions with the environment, and relatedness as connectedness to others and a sense of belongingness.

For the competence factor, training is needed to enable the learners to feel capable of coping with the difficult task of disciplining or even dismissing employees. In this situation, the issue has to be reframed from *whether* employees should be disciplined to *how* to discipline the employees in a manner that benefits them over the long term, or at least minimises their losses. Such actions are perceived as being

for the employee's long-term benefit because the aim of the disciplinary actions is to correct their behaviours that are harmful to or unproductive on the job, either in the current work-integration social enterprise or in mainstream enterprises. The key to their ultimate effectiveness lies in the corrective action plan, which should include other supportive measures in which the social workers or the social enterprises have invested efforts as part of their attempts to help clients. For their part, the employees must understand that there are consequences if they cannot correct or improve their behaviours to meet the expectations listed in the plan. Many kinds of best practices for people management incorporate these aims and can be used in such a scenario.

Some marginalised people, such as teenage ex-offenders or school dropouts, have extremely low self-efficacy. In their case, the issue is not the disciplinary actions to be used, but rather returns to the original program logic, or the “theory of changes” (the term more commonly used in social enterprises) adopted for the work integration of the targeted beneficiaries (that is, the employees). The job design should be broken down into parts that are manageable by the disadvantaged or the disabled. If the job cannot be designed in such a way that the targeted beneficiaries can cope with it, the issue must be taken one step further back—to the type of business chosen for the social enterprise. The problem then has to be fixed at its root cause.

Reviewing Productivity

The question dealing with reviewing productivity asked, “Will you regularly review how to improve productivity and efficiency?” The choices were 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

In the past, productivity and efficiency were seldom raised directly as concerns in the SE-related literature. Instead, they might be addressed indirectly, through employee performance. This question was included in the present research because it is a common topic when running medium or large enterprises in which the business managers have to ensure the long-term competitiveness of their organisations.

Findings from Research

Three related findings on reviewing productivity were noted. First, the average score from the social workers was 4.154, and it did not show any relative weakness as compared social work managers or business-minded managers (see Table 5.6). Second, the average scores given by the welfare-minded SE managers ranged from 4.000 to 4.667, as shown in Table 5.4. Collectively, these two findings echoed why reviewing productivity has not drawn much attention from researchers in the past.

Third, the impact of reviewing productivity was noted only among the experienced welfare-minded SE managers, with a 99% level of confidence in its relevance to SE performance observed among this group. Furthermore, it was the only factor exhibiting relevancy in mature businesses.

Interpretation and Implications

Social enterprises in Hong Kong are mostly small enterprises in service industries; few are medium-size enterprises running traditional businesses. Hence there was not much about information available about their innovation, supply chains, or production. In addition, there was no significant correlation between

the business practices of reviewing productivity and dismissing employees or between business practices of reviewing productivity and incentivising employees. Hence this factor was not relevant to employees. The remaining factors affecting productivity and efficiency were the processes and systems.

Possible Solutions to Address the Concern

Raising the awareness that reviewing productivity is important to long-term competitiveness is probably sufficient for new social entrepreneurs. Besides, there may be other similar hidden but relevant factors for SE performance that were not discovered in the present research because only 19 competencies were covered in this study; in reality, there may be many more.

Investing in Public Relations

The question related to investing in public relations was “Will you invest effort in media and public relationships?” The choices were 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

This question was included in the research because both social workers and consumers appear concerned that SEs might potentially market their employees’ weaknesses, such as disability, in exchange for sympathy and business. Social workers considered this practice to diminish the dignity of those employees who were also their clients.

Findings from Research and Literature Review

There are four related findings on this topic. First, the average score of 25 welfare-minded SE managers on the question was 4.040, with a correlation coefficient for SE performance of 0.418 (95% level of confidence that the factor correlates to SE performance), as shown in Table 5.1. The range of the scores was 3.00 to 4.50, as shown in Table 5.4.

Bent-Goodley (2002:298) specifically identified public relations as an area to which social entrepreneurs have to pay attention. Sharir and Lerner (2006) confirmed that “acceptance in the public discourse” was one of the eight key success factors for SEs in their survey. Most scholars use the broader term “marketing” in this area (Boschec 2006; Bull et al. 2010). Miller, Wesley, and Williams (2012:364) concluded in their study that “ability to sell and/or market the organisation” is a competency that needs more attention in social entrepreneurship education.

Second, among the 25 welfare-minded SE managers, the correlation coefficient for investing in public relations and dismissing employees was 0.477, and that for reviewing productivity was 0.431 (95% level of confidence that these factors correlate to SE performance). Dismissing employees and reviewing productivity were not significantly correlated with each other, however.

Third, the average score of the nine business-minded SE managers was only 3.889, with a correlation coefficient for SE performance of 0.186, far below that of the welfare-minded managers.

Fourth, the average score given by the social workers was 4.192, the highest as compared to the scores assigned by social work managers, business-minded managers, and business-minded individuals. The differences were not statistically significant, however.

Interpretation and Implications

Work-integration social enterprises, by definition, have an inherent disadvantage, in that their workforce is not as productive as compared to the workforce of commercial enterprises in the same business. Nevertheless, because of their selfless social mission and possible social impacts, they may attract supporters. For example, ethical consumers may spend extra travel time to buy the products or services from the SEs. There can also be media coverage of these businesses, which means free advertising for the SEs. Finally, they may form partnerships with large corporations that are looking for ways to fulfil their social responsibilities. The value of these potential advantages can more than offset the inherent disadvantages.

The hybrid nature of social enterprises provides benefits in two ways. On the one hand, the business operation not only generates income, but also empowers the disadvantaged through job creation. On the other hand, the social mission leads to the potential advantages mentioned previously. As a result, social enterprises may outperform commercial enterprises and traditional charities, as discussed in Chapter 2.

Possible Solutions to Address the Concern

The level of attention devoted to investing in public relations was much less than that given to dismissing employees, though both practices were affected by ethical concerns. This outcome probably

reflected the reality that dismissing employees is usually a reaction taken to correct a performance problem. By comparison, investing in public relations is a proactive action to capitalise on an opportunity created through media exposure. People tend to be reactive than proactive, able to sense problems more readily than opportunities—a factor that explains the finding in this study.

Nowadays, public media are often interested in reporting the turnaround stories of ex-offenders or ex-addicts, or the deep suffering of the marginalised or the disabled. Readers like these type of stories, so media outlets look for them. Co-operating with this type of media coverage can draw potential customers to the SE, thereby contributing to its financial success.

Investing in public relations can raise ethical concerns, however. Exploitation of the suffering or weakness of the beneficiaries as presented in touching media stories contradicts the code of ethics of social workers, which calls for respecting the dignity of the beneficiaries. It is akin to using a photo of a dying, starving child in publicity materials. Furthermore, sometimes the stories may be exaggerated. Finally, even though the beneficiaries may volunteer to share their stories, they may later regret what they have shared and what has been recorded in the media. At some point in the future, they might like to forget their past and be treated like ordinary people.

This tension between the lure of free advertising and the dignity of the beneficiaries is an ethical issue, but it is also a knowledge and skill issue. Many angles can be presented in stories about a social enterprise, other than selling the suffering or misfortune of the disadvantaged, like those people who are going through disasters. Based on the definition given by Santos (2012), social enterprises should have the elements of addressing neglected social problems, creating the logic of empowerment, and

generating positive externalities. All of these efforts can lead to interesting stories. For example, due the empowering environment of the SE, the disadvantaged employees may start to have dreams and hopes for their futures. Disadvantaged clients may also start to proactively help others, changing their own role from “taker” to “giver”. The logic of empowerment means that once disadvantaged clients have an opportunity such as a job, they have the chance to live not just a normal life, but a purposeful life.

Through its public relations efforts, a social enterprise can also share its social mission, its research on the social problem, its unique approach to solve the problem, its impact on investors, its ethical consumer base, its volunteers, its partnership with commercial corporations, and its products and services. All of these issues avoid exploiting clients.

Leading Skills

The question related to leading skills was “How strong do you feel your management of productivity, quality, marketing, and sales are?” The choices were 1 = very weak, 2 = weak, 3 = average, 4 = strong, and 5 = very strong.

Findings from Research

There were four findings related to leading skills. First, the correlation coefficient for leading skills and SE performance was 0.413 (95% level of confidence that the factor correlates to SE performance). Leading skills also had a high correlation with the other three skills. The correlation coefficient with planning skills was 0.615, with organising skills was 0.509, and with controlling skills was 0.538 (99% level of confidence that these three factors correlate to SE performance). The last relevant factor was

incentivising employees; its correlation coefficient was 0.632 (99% level of confidence that the factor correlates to SE performance).

Second, the novice welfare-minded SE managers gave an average score of 2.82 on this question. The experienced welfare-minded SE managers scored it as 3.43. There was 95% level of confidence that these two scores were different.

Third, there was 99% level of confidence that the leading skills of social workers (average score 3.10) were different from those of the business-minded individuals (average score 3.56). As a reference, the business-minded managers' average score was 3.65.

Interpretation and Implications

“Leading is the set of processes used to get members of the organization to work together to further the interests of the organization” (Griffin 2006:9). Out of the four management functions, only leading skills correlated to the business performance.

The profiles of the social enterprises in Hong Kong indicate they are mostly small enterprises in traditional businesses like restaurants and retail shops. In such organisations, planning may be a once-a-year activity focusing mainly on financial issues, plus environmental scans like customer studies and competition studies. The organising function deals mainly with the division of work and job design. The leading function is a daily activity, covering sourcing, production, marketing, selling, and people

management. Controlling is demonstrated through monthly reviews of numbers and activities. Hence most of social entrepreneurs' activities fall within the parameters of the leading function.

Bent-Goodley (2002) has identified “expert management” and “forecasting” as two key success factors for social entrepreneurs. She defines expert management as “the ability to define performance standards, to quantify outcome measures, to evaluate programs, and to create management information systems” (2002:298); this factor is part of the planning and leading functions. Bent-Goodley defines forecasting as “the ability to predict several alternative futures, decide which is most probable or desirable, and then plan for that selected future by factoring in other forces, such as organizational sanction or political climates”; it is part of the planning function.

Social workers, however, are used to minimal application of the controlling function. In the 10 competencies compiled by National Network of Social Work Managers, only one—“evaluation”—deals with the controlling function. In the survey by Seipel, Johnson, and Walton (2011:445–461), the attribute “good with numbers” was the least valued by the agency administrators during recruitment. Given the low emphasis on this competency during the social workers hiring process, the controlling skills of social workers are often under-developed when they are placed into a business management role.

Most social enterprises perform monthly financial reviews. However, the actual monthly results may be available only one to two months after closing, instead of a few days after closing as in large enterprises. Greater timeliness of financial data and other business information will enable the SE to promptly take corrective actions to stop loss or wastage, or quickly pursue adaptive actions to exploit business

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opportunities. Controlling activities like the monthly forecast and monthly plan adjustment can be the key to sound financial management for any business, including the social enterprise.

Time Factors

To assess time factors, this study question was asked: “If you have run a social enterprise, what is your work experience?” The expected answer was the number of years as a ratio scale.

Another question closely related to the time issue was also asked on the research survey: “If you have run a social enterprise, how was the business performance?” The choices were 1 = at loss significantly, 2 = a bit below, 3 = break-even, 4 = profitable, and 5 = significantly profitable.

Findings from Research

Six findings were obtained that were related to the welfare-minded SE managers. First, the average SE performance was 1.60 in the first two years, then increased to 3.58 in the next two years, then remained at 3.50 for two more years, and finally increased to 4.17 in the sixth to eighth years of the enterprise’s existence. The longest span of SE experience reported was eight years.

Second, for the 25 welfare-minded SE managers, the correlation coefficient for years of SE experience and SE performance was 0.469 (95% level of confidence that the factor correlates to SE performance).

Third, for the 11 novice welfare-minded SE managers, the correlation coefficient for years of SE

experience and SE performance was 0.893 (99% level of confidence that the factor correlates to SE performance).

Fourth, the correlation coefficient for years of SE experience and annual plan was 0.614 for the novice welfare-minded SE managers, but decreased to -0.555 for the experienced welfare-minded SE managers (95% level of confidence that these factors correlate to SE performance).

Fifth, the correlation coefficient for years of SE experience and dismissing employees for the novice welfare-minded SE managers was 0.614 (95% level of confidence that the factor correlates to SE performance). No significant correlation was found once the managers became more experienced.

Sixth, the correlation coefficient for years of SE experience and the monthly review for the experienced welfare-minded SE managers was -0.573 (95% level of confidence that the factor correlates to SE performance). In contrast, no significant correlation was found in the novice period.

Interpretation of the Development Process

Within the transformative learning framework developed by Mezirow (Taylor and Cranton 2012:86), in their first two years of managing SEs, social workers may be seen as facing “a disorienting dilemma”—the first stage of the transformation from social worker to social entrepreneur. To remedy the gaps in their skill sets, their intrinsic motivation may compel them to may seek out opportunities to improve themselves in the necessary skill dimension. Skilfulness alone, however, might not be sufficient to turn around the business. SE performance is correlated with some practices that might arouse ethical

concerns among these social workers and that must be addressed during the transition to the social entrepreneur role—for example, dismissing employees and investing in public relations, and other practices not discovered in this research.

As the pressure of running the SE persists, social entrepreneurs may go through four subsequent stages of transformation: “self-examination with feeling of fear, anger, guilt, or shame”; “a critical assessment of assumption”; “recognition that one’s discontent and the process of transformation are shared”; and “exploration of options for new roles, relationship, and actions” (Taylor and Cranton 2012:86). Some might then decide to enter the fifth stage of transformation, in which they explore options for new roles, relationships, and actions. Some might not, however, because these changes might violate one of the three factors of intrinsic motivation—namely, relatedness, autonomy, and competence.

There are three possible scenarios in this stage. In the first scenario, the welfare-minded SE managers voluntarily go through the subsequent five stages: planning a course of action, acquiring the necessary knowledge and skills to implement the plan, trying out the elements of the plan, finding success that reinforces self-confidence in the new roles, and finally integrating the new experience in such a way as to expand their self-concept. According to Mezirow (Taylor et al. 2012:84), the most dependable “habit of mind” is one that is “more inclusive, differentiating, permeable (open to other viewpoints), critically reflective of assumptions, emotionally capable of change, and integrative of experience”.

In the second scenario, the action plan fails. At that point, the SE manager may retreat and become more defensive regarding new attempts. In keeping with this scenario, both the annual plan and monthly review business practices showed significant correlation with years of SE experience in the first three

years of the SE's existence, but this correlation then declined. These two competencies did not correlate significantly to SE performance.

In the third scenario, the SE managers are forced to take actions due to the financial losses experienced by the SE. According to Deci and Ryan, this situation involves “extrinsic motivation”. If the pressure is persistent, the SE managers may go through stages of “external regulation”, “introjected regulation”, “identified regulation”, “integrated regulation”, and finally “intrinsic regulation”, which is driven by intrinsic motivation (Deci and Ryan 2002:16).

The transformation process described here might have already happened in some of the welfare-minded SE managers who participated in the present research, but probably they were not the majority. Instead, not much change was seen in supportiveness for the practices of dismissing employees and investing in public relations when these managers' average scores were compared to the average scores of the novice welfare-minded SE managers and the experienced SE managers. Leading skills, however, showed significant changes over time. In fact, planning skills, organising skills, and controlling skills all demonstrated obvious nominal improvements with greater experience, though these changes did not even reach the 90% level of confidence.

Implications for Curriculum Design

Based on the findings from this research, there appear to be several opportunities for improvement in social entrepreneurs' education. Skilfulness in leading as well as supportiveness for dismissing employees and investing in public relations are all significantly correlated with SE performance.

Nevertheless, only the scores given to leading skills improved over time with greater experience. There

was not much improvement in the level of support for the business practices of dismissing employees and investing in public relations. Therefore, one way to help social workers adapt to their new roles as SE managers is to inform them about the best practices available for dismissing employees and investing in public relations that may generate fewer ethical concerns. Such education will better equip them to master stage seven of the transformative learning process—that is, acquiring the necessary knowledge and skills to cope with the new roles.

Another possible way to help social workers in the adaptation process is to intervene in stage four of the transformative learning process—that is, to invite social workers to share their experiences with successfully transforming their tacit habits of mind (Taylor et al. 2012:83). Social workers can also share their explicit point of view that a financially successful social enterprise not only needs to ensure its own sustainability so that it can employ and help more needy people, but also make positive impacts on the employees, including strengthening their self-concepts through being part of a winning team. Subsequent small-group discussions among learners will reinforce the supportiveness aspect of this intervention.

According to the organism integration theory developed by Deci and Ryan (2002:16), the process of adaptation starts with motivation, then moves through external regulation, introjected regulation, identified regulation, integrated regulation, and finally intrinsic regulation.

Accordingly, we postulated that if external prompts are used by significant others or salient reference groups to encourage people to do an uninteresting activity—an activity for which they are not intrinsically motivated—the individuals will tend to internalize the activity's initially

externally regulation. That is, people will tend to take in the regulation and integrate it within their sense of self. (Deci and Ryan 2002:15)

This understanding suggests informal learning on the job has a significant impact on adaptation. The duration of time and the presence of significant others are both important drivers of this type of change. These factors will remove the constraints on SE performance due to employees performing poorly, and maximise SE performance by attracting more support from the public, including consumers, volunteers, corporate partners, and media.

Probable Relevant Factors and Nonfactors

Incentivising employees might be a relevant competency for social entrepreneurs.

- In the group of 35 SE managers, the correlation coefficient of supportiveness for incentivising employees and SE performance was 0.340 (95% level of confidence that the factor correlates to SE performance).
- In the group of 25 welfare-minded SE managers, the correlation coefficient was 0.351.
- In the group of 9 business-minded SE managers, the correlation coefficient was 0.516.

Because of the small sample size, confidence in the correlation coefficients for latter two groups did not reach the 95% confidence level.

The business practice of constructing an annual plan was expected to be relevant factor but not. In Table 6.1, the correlation coefficient between supportiveness for this practice and years of SE experience was 0.612 among the novice welfare-minded SE managers. However, this coefficient decreased to -0.555 when these managers became more experienced (95% level of confidence that both factors correlate to SE performance).

A similar situation arose with the monthly review business practice. The correlation coefficient for its supportiveness and years of SE experience was 0.410 among the novice welfare-minded SE managers, but decreased to -0.573 among more experienced managers (95% level of confidence that both factors correlate to SE performance).

Neither the annual plan nor the monthly review business practice was significantly correlated with SE performance. Hence it appears that the SE managers reduced their emphasis on these two factors when they found out—as a result of their greater experience—that these business practices were irrelevant.

Limitations of the Research

The present research has several limitations, including those related to the sample size, the independent variables, the dependent variables, and the context of the research. If similar research is to be conducted in the future, then these limitations may represent fruitful areas for improvement.

Sample Size

The current survey sample had just 46 participants from social enterprises; hence the sample could only be divided into two subgroups based on the years of experience to assess the changes undergone by social entrepreneurs over time. If the number of participants could be increased and there was a more even distribution of years of experience, then the participants could be divided into more than two subgroups to better elucidate the differences between the different stages of development.

Moreover, only 12 out of the 46 participants were business-minded—a sample size that was too small to draw any conclusions with sufficient level of confidence about the adaptation of business-minded social entrepreneurs. In fact, if only correlations were considered, disregarding the level of confidence, then the respondents' supportiveness for the business practices of asking for referrals and incentivising employees (which represent organising skills in this context) and their years of SE experience might be opportunities for improvement.

Independent Variables

The list of business practices used in this research was not exhaustive. Miller, Wesley, and Williams (2012:349–370) identified 35 competencies deemed important by 150 social entrepreneurs, which can serve as a reference list. However, the comprehensiveness of the items presented on any questionnaire must be weighed against the willingness of participants to answer a larger number of questions, especially those that are irrelevant to their experience. The challenge is where the balance should lie.

Dependent Variables

The SE performance was the only dependent variable in this study. It was also the indicator of the level of adaptation by the social entrepreneur.

Research Context

This research focused on SE development in Hong Kong. Hence the limitations associated with Hong Kong also became the limitations for the research. An example was the focus on small social enterprises running traditional businesses like restaurants and retail shops. There were higher degrees of homogeneity among the social enterprises because of both the business size (small) and the nature of the businesses (simple and mature). However, this homogeneity limits the generalisability of the findings to other geographic regions.

Methodology

This research took a quantitative approach. Its hypothesis was that social workers are not good at running social enterprises. Next, a survey was conducted to verify the theory as well as to collect more information for modifying and expanding the theory. Later research might prove more fruitful if interviews or focus groups were conducted after the survey findings. These efforts might yield more in-depth understanding of the factors influencing the social worker to social entrepreneur transition

Summary

The argument made by this research is that the social welfare logic can hinder social workers when they have to run businesses, which, by definition, are based on the commercial business logic. The main research results can be summarised as follows:

The adaptation of social workers to the role of social entrepreneurs is significantly associated with the years of SE experience and supportiveness for the practice of dismissing employees; and is associated with skilfulness in leading and supportiveness for the practice of investing in public relations. If the life span is divided into two stages, then in the first stage, there is a rapid improvement of the business performance over the years. In the second stage, the business performance is no longer correlated with the years of SE experience, but rather associated with the manager's willingness to engage in the practice of reviewing productivity.

Chapter 7: Conclusion

This chapter summarises the research, recommends future research directions, and shares the author's personal views as a former businessman.

The Reason for the Research

This research started with the purpose of identifying ways to inform the curriculum design for developing social workers to run social enterprises. The research question sought to explore the variables associated with the adaptation of social workers to the role of social entrepreneur. Most of the social enterprises in Hong Kong are work-integration social enterprises that are set up by non-profit organisations with government funds. But with the development and expansion of social enterprises, there has been a general perception both locally and in other countries that social workers are not good at running businesses. Hence the sustainability of social enterprises and the social return on investment in these enterprises are in doubt.

Validating the Assumptions behind the Research

This perception that social workers are inept business managers is an assumption to be verified. Since the SE is a business set up for a social mission, its success can be evaluated on two fronts: the social value created and the economic value created. Moreover, if social workers are truly perceived as not skilled at running SEs, then one might consider whether non-social workers are delivering better results in running those businesses.

Business Performances

The business performance of SEs in Hong Kong can be assessed only indirectly, because all of these SEs are private companies. Thus there is no legal requirement that they publish their balance sheets or profit and loss accounts. In this study, all information on the profitability of SEs is based on self-reported data (collected via survey), which cannot be validated. The only objective data observed about the business performance consisted of the enterprises' life spans.

At the time when the research was conducted, the median life span of the 75 SEs funded by the 3E Project of the Social Welfare Department in Hong Kong was 9.3 years (Kee 2013b). By comparison, the average life span of small-medium commercial enterprises in Hong Kong is 3.7 years (GEM 2007). Although median life span is different from average life span, it appears reasonable to assume that SEs have higher survival times than small-medium enterprises, as the life span of the former is two and half times the life span of the latter. However, the extra costs incurred by SEs over their life span in taking care of their employees from disadvantaged groups have not been accounted for.

In the self-reported profitability data, 62.9% of Hong Kong SEs reported that they were either profitable or breaking even (Au 2014). By comparison, 73% of SEs in the United Kingdom reported that they were profitable or at break-even (SE UK 2013:30). The profitability of SEs in Hong Kong appears to be lower than that of their counterparts in the United Kingdom. However, based on the GEM report, the average life span of commercial enterprises was 3.7 years in Hong Kong and 7.2 years in the United Kingdom. Overall, it seems, the commercial environment in the United Kingdom is probably more favourable than that in Hong Kong. Hence the comparison of SE performance in Hong Kong and the United Kingdom must take into account the local commercial environment.

Social Impacts

The social impact of SEs can be evaluated on two levels: the absolute social impacts created by SEs, and the relative cost-effectiveness of the SE policies as compared to the other poverty alleviation policies.

Based on the data supplied by the 3E Project, each dollar granted to non-profit organisations to set up work-integration social enterprises will lead to 7.2 dollars of wages to the disabled employees over the SE's median life span. This multiplying effect is attributable to the commercial business operation of the SE. For the ESR Program, each dollar invested will lead to 3.8 dollars due to the shorter duration of this program, which was set up in 2006 (the 3E Project was set up in 2001).

Furthermore, the cost-effectiveness of the SE policy is higher than that of the CSSA program. The latter does not have any multiplying effect, because CSSA is a relief type of cash assistance. As such, it lacks the empowerment and revenue-generating elements of the SEs. However, CSSA has its own value in serving a specific segment of the needy population, most of whom cannot join the job market due to physical or social limitations.

Finally, research conducted by the Chinese University of Hong Kong (Au 2014) revealed the importance of having an entrepreneurial orientation for would-be social entrepreneurs. These findings show that entrepreneurial orientation has a higher positive correlation with for-profit SEs than with non-profit SEs, and a higher negative correlation with employment of disadvantaged groups. No correlation data between the for-profit SEs and the employment of disadvantaged groups were provided in this study.

Based on these data, it appears that social workers perform well on the business part of the SE equation and very well on the social impacts aspect. Thus, the original assumptions about social workers are invalid. The focus of the present study, then, is not to correct the problem of poor-performing social workers, but rather to further improve their business performance.

Literature Review of the Components of the Research Question

In this study, the research question was broken down into four components: “developing”, “social workers”, “to run”, and “social enterprises”.

Social Entrepreneurs

One definition of social entrepreneurs is “those applying managerial skills for social constructive purposes” (Banks 1972). In a narrower definition, social entrepreneurs are identified as those “addressing the neglected social problems, with a sustainable solution based on the logic of empowerment, generating positive externalities benefiting the powerless segment” (Santos 2012).

Based on the survey of welfare-minded social entrepreneurs (Miller, Wesley, and Williams 2012) and the survey focusing on the priorities of social agency administrators during recruitment (Seipel, Walton, and Johnson 2011), it seems clear that the competencies exhibited by these two groups are different, as might be expected. Some of these conjectured differences are supported by the work of other scholars (Bent-Goodley 2002; Sharir and Lerner 2006). When a social worker adapts to the new SE job, some of his social work competencies are dropped, some are downplayed, some are maintained, some are emphasised more, and some new competencies are added. Ethical value is the competency most often

mentioned by scholars; it is also the major cause of problems experienced by social workers when running SEs.

Social Workers

Drucker (1990) has argued that non-profit organisations can perform well, but need management. Current management knowledge and skills are largely developed for the business sector, not the social sector. On the one hand, Collins (2005) has argued that the social sector does not need to learn the principles of business, but rather the principles of greatness. On the other hand, some scholars (Austin et al. 2006; Bent-Goodley 2002; Edwards 2010; Germak et al. 2009) insist that non-profit organisations do have problems in running SEs, though they do not disagree with Drucker and Collins. Rather, their comments echo Drucker's observation that participants in the social sector need management knowledge and skills that must be developed specifically for this area.

Adaptation

Scholars (Bent-Goodley 2002; Boschee 2006; Bull et al. 2012; Fargion et al. 2011) have made suggestions about curriculum design for social entrepreneurs. Their recommendations cover the knowledge and skills needed by social entrepreneurs, but none mentions the attitude changes needed. Self-determination theory (Deci and Ryan) and transformative learning theory (Mezirow and Edward 2009) provide the theoretic framework on the adaptation process.

The present research is an exploration aimed at identifying the barriers holding back SE performance. Based on the review, opportunities to improve SE performance through changes in welfare-minded

social entrepreneurs can be narrowed down to a set of competencies that must evolve and change during the adaptation from the social welfare logic to the social entrepreneurial logic.

Methodology and Methods

The research described in this thesis adopted the quantitative approach. The major challenge of the research was to collect sufficient responses in a very small population. To encourage as many people as possible to participate in the study, the questionnaire was designed based on the principle of minimum anxiety and inconvenience caused to the participants. Due to this trade-off, some important but sensitive data were not requested, and the number of questionnaire items was minimised.

In the first pilot test, a questionnaire was developed based on the management framework of a small business. The items selected were based on the researcher's previous experience in running his own SEs and his coaching experience in other SEs. Based on the pilot test results, the questionnaire then went through two rounds of revisions. In the finalised questionnaire, the following key variables were used:

- **Social Workers and Social Entrepreneurs:** The supportiveness for the 14 business practices and the skilfulness of the four management functions constituted the “entrepreneurial” set of competencies needed to run social enterprises. The responses of the five groups of participants—namely, social workers, social work managers, business-minded individuals, business-minded managers, and social entrepreneurs—provide a description of their institutional logics. The variable SE performance was a proxy indicating successful adaption to running the SE.

- **Adaptation through Informal Learning:** The change in SE performance over the years of SE experience indicated the progress of adaptation, which resulted from accumulation of experience.
- **Adaptation through Formal Learning:** The correlations between SE performance and 18 competencies were used to single out those competencies that need attention to speed up the adaptation process. This knowledge can guide curriculum design.

Findings

There were a total of 323 valid responses to the survey. Of this number, 46 came from social entrepreneurs; the remainder came from social workers, social work managers, business-minded managers, and business-minded individuals.

Five factors were found to have significant correlations to SE performance. The main finding was that SE performance significantly correlated to leading skills and supportiveness for investing in public relations. The research also confirmed that SE performance varies positively with years of SE experience. This might be due to learning through experience. Moreover, three years of experience seems to be the line demarcating the maturity of the social enterprises (i.e., separating novices from experienced organisations). In the first three years of SEs' existence, SE performance is significantly correlated with years of SE experience. A possible explanation is that most learning related to the business operation is learned in the first three years. After three years, SE performance is significantly correlated with supportiveness for two business practices—dismissing employees and reviewing productivity. This confirms that the leniency of social work-educated social enterprise managers toward their employees is highly correlated with the business's performance.

There were also two findings on the issues of relevance and relativity, and one finding on the difference between social workers and social work managers.

- The relative weakness of social work managers and social workers in terms of planning skills and controlling skills was not significantly correlated with SE performance. These two sets of skills appear to be irrelevant to Hong Kong SEs, which are typically small enterprises with a simple business nature.
- The supportiveness of social work managers and social workers for the practices of investing in public relations and reviewing productivity did not show significant differences from the supportiveness indicated by the business-minded managers and business-minded individuals. When running SEs, however, supportiveness for these two practices was significantly correlated with SE performance. These two attitudes are relevant, it seems.
- Social workers and social work managers face different challenges when moving into social entrepreneurship roles. Social workers have difficulties in managing employees because they are more used to empowering or supporting clients than to managing them. By comparison, social work managers do not have the same difficulties, because they have already adapted to practices related to managing people.

Implications for Policies and Stakeholders

There are two levels of findings in this report. The primary findings are the research results. The secondary findings come from the desktop research conducted for the Research Context chapter. The latter resulted to the change of the research question from originally *correcting problems of social workers in running social enterprises* to the more positive tone of *exploring variables associated with the adaptation of social workers to the role of social entrepreneur*. After benchmarking Hong Kong SEs against local small-medium enterprises and social enterprises in UK, and checking the social return on investment, it became clear that the Hong Kong social workers had, in fact, done a good job in terms of both financial value creation and social value creation. Based on this recognition, the Home Affairs Bureau has started to more vigorously promote the success story of social enterprises development in Hong Kong since 2013.

For the primary research results, there are several types of stakeholders, including policy makers, social work educators, researchers, social entrepreneurs, and the general public.

Policy Makers

The Home Affairs Bureau of Hong Kong government, which is responsible for the social enterprise policies, should consider promoting the findings of this research as a reference for educators in social enterprise educational programs, especially those courses sponsored by the Home Affairs Bureau. In addition, the Mentoring program operated by Home Affairs Bureau might consider providing a summary of the research findings to social enterprise mentors to guide them. Furthermore, the Home Affairs Bureau might include part of the research findings in its publications and promotion activities such as the annual Social Enterprise Summit, a conference that the Bureau sponsors. Finally, as part of its

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review of social enterprise policies and funding schemes, the Home Affairs Bureau should consider inviting not only scholars from the social sciences faculty, but also scholars from the business schools.

Social Work Educators

The Home Affairs Bureau might also work with the Social Welfare Department to encourage universities to incorporate the findings of this research into their curriculum development for social workers. The universities might also sponsor continuous professional development programs for registered social workers that include the research findings. As Drucker has noted, most management research addresses the commercial sector; the social sector, however, also needs research on management.

Researchers Focusing on Social Entrepreneurship

The latest concepts of social innovation, social capital, and social enterprise have both social dimensions and business dimensions. Thus researchers focusing on social entrepreneurship need knowledge in both areas. For example, the Community Investment and Inclusion Fund aims to strengthen the social capital in Hong Kong. In the past two rounds of reviews, scholars from social sciences programs found that the fund was successful in generating social capital, but did not determine whether the funded social capital projects were able to generate significant benefits for Hong Kong. This omission occurred because valuation was not among the strengths of the social services faculty.

Implications for Curriculum Design

To develop the social entrepreneurial competency needed for effective SE performance, the focus of curriculum may need to change to include the development of leadership skills, and the introduction of alternative practices that mesh well (and have minimum conflict) with the people orientation advocated by social work ethics. Hence the concern is not with changing the social workers' basic values, but rather modifying their assumption that they cannot both perform the job and keep their existing values orientation when they move into the social entrepreneur role. This assumption is a blind spot for many social workers, because they are not familiar with the best practices for coping with those issues. Educational efforts that address these knowledge gaps will help the welfare-minded social entrepreneurs adapt to the SE environment faster and better as measured by SE performance.

The survey results provided here can inform the curriculum designed for training social workers to run social enterprises. If the problematic behaviours of the social workers can be rectified, the social return on investment of social enterprise can be increased.

Future Research

As part of their quest to maximise the aggregated social value creation from social entrepreneurship, future researchers would be wise to strike out in at least three directions—namely, the exploration and exploitation of the social impacts of SEs, the challenges and opportunities encountered by business-minded social entrepreneurs, and the influence of social entrepreneurship development on the business and public sectors.

Exploration and Exploitation of Social Impacts

The potential of social enterprises derives from the integration and synergy of economic value creation with social value creation within an organisation or even within a business process. Innovative integrations can leverage the solution to a social issue to generate a unique value proposition, thereby gaining a competitive edge in the market.

For example, Dialogue in the Dark is a social enterprise that operates theme parks in total darkness. It employs visually impaired persons to guide the visitors, who cannot use their own sight, during tours through the park. The visitors rely on the visually impaired guides and start to appreciate their superior ability instead of remarking on their disabilities. The value proposition of this social enterprise is the transformative experience of the visitors, who perceive how the “weakness” of the visually impaired guides is turned into strength.

Similar business models exist for social enterprises that exploit the perceived weakness of the disabled and turn it into added value for business success, such as employing deaf persons as waiters in restaurants and physically disabled individuals in IT programming. A study to generate principles for designing similar social enterprises will benefit the disabled in obtaining decent jobs in which they would be appreciated instead of being the objects of sympathy.

Opportunities and Challenges Encountered by Business-Minded Social Entrepreneurs

The social impact created by business-minded professionals should also be studied. The primary purpose of social enterprise is to solve social issues through business operation. To a large extent, however,

current attention focuses on economic value creation, which is the means, rather than on social value creation, which is the end. Hence the blended social return on investment should be studied, especially those returns created by business-minded professionals versus those created by social workers (the benchmark). Achieving significant breakthroughs in a social problem requires in-depth knowledge and experience of the problem, along with concerted efforts to address the problem. Business-minded professionals may be better in assessing and implementing solutions that can have economic value, but they may not be as adept as social workers in handling complicated social problems such as integration of ethnic minorities or seriously disabled persons into the workforce.

The percentage of SEs run by the business-minded is increasing within the SE portfolio in Hong Kong. Research on the barriers faced by business-minded social entrepreneurs, therefore, might facilitate the healthy development of these ventures.

Influence on the Business Sectors

Since 2011, Michael Porter has been advocating the concept of creating shared value, which is about exploiting business opportunities through solving social issues—more simply termed the concept of “doing well by doing good”. In an interview (Driver 2012), he shared that the success of social enterprises was one of the factors that triggered his development of this new concept. On a more formal level, starting in 2015 Hong Kong Stock Exchange required all listed companies to submit an annual “Environmental, Social, and Governance” report³⁴.

³⁴The ESG reporting requirement from Stock Exchange of Hong Kong Limited was covered in its press release <http://www.hkex.com.hk/eng/newsconsul/hkexnews/2015/151221news.htm>

Future research might concentrate more on the synergy and opportunities for innovation at the intersection of business operations and social solutions, and address means to improve the abilities of business-minded professional in solution engineering for social issues.

Personal Reflections

My background as a former vice president of a multinational corporation with annual revenues of US\$500 million and as an adjunct associate professor teaching MBA students created some uneasy moments for me while I was conducting the research described in this thesis.

First, when my business had performance problem, I always held the business leader responsible. This is the basic principle of alignment of responsibility, authority, and reward that prevails within the commercial sector. Hence, when a friend who was a former business executive and now a PhD student asked me why I chose the individual instead of the organization as the unit of analysis for my research, I was caught by surprise. I had never thought about addressing the business performance problem from an organisational level, as this approach tends to hurt the previously mentioned alignment, dilute the responsibility of the leader, and delay the process of business turnaround. Moreover, even there is a problem in the organization culture or institutional logic, the one responsible for correcting this problem is still on the organization's leader. This difference on the focus is due to the difference in roles. Businessperson focuses on prescriptive actions to get financial results. Academic focuses on descriptive action to get knowledge.

Second, I had originally argued that the ethical concerns of social workers regarding commercial-sector business practices posed a barrier to good SE performance. Hence the business practices of up-selling and asking for referral were added as variables to my survey because some social workers perceived these practices as manipulative. The final results, however, revealed that the practices were not associated with SE performance. The term “ethical concern” can cover a myriad of value judgements. If it is broken down into individual judgements, then many ethical concerns are irrelevant to the adaptation of social workers to the role of social entrepreneur. Hence, instead of focusing solely on the level of ethical concerns, we should move our attention to the level of specific judgements. Then specific solutions to each controversial judgement can be developed one by one.

Third, my original prediction was that the elements of the monthly business ritual consisting of reviewing performance, forecasting, and adjusting the plan would be the variables associated with the SE performance. My belief was that the business review/forecast monthly exercise would drive attention towards corrective actions and preventive actions to minimise the business problem. The research results, however, showed that business review, forecast, and planning were not associated with the adaptation of social workers to the social entrepreneur role. My second thought was that the SE managers surveyed might not have sufficient knowledge on what an effective monthly review exercise look like. Hence they cannot appreciate how to realize its full potential and impacts of the business review—that is, the problem was a training and development issue.

In my experience of mentoring seven SEs³⁵ to help them affect a business turnaround, the SE managers will review the business results of last month. But they seldom forecast results of the coming months,

³⁵ Fullness Auto Service, Fair Circle, Youth Outreach, Fullness Salon, Stewards, My Concept, and GroundWork, 2016-05

and even less on adjusting the actions in the original business plan based on the most updated forecast. In the mentoring sessions, I would chair the monthly review in the initial few months as demonstrations to the SE business managers. After each review, I would explain the techniques used. I would then ask the SE business manager to chair the subsequent monthly reviews, and gave feedback on the first one or two reviews. This approach assisted the SE managers in picking up the necessary skills, by giving them specific opportunities to learn the skills. Managers are expected to get the job done cost-effectively, and the purpose of my mentoring was to enable them to realize this goal. To prove that a proper monthly review is critical to SE performance, a study on those SE managers who had learned and practiced this kind of review will be a better approach than asking SE managers who may not have the related experience.

In summary, my background as a businessman had influenced my approach to the research, including the bias on individual instead of organization, the bias on specific practices instead of the broader concept of ethical concern, and my overlook on the survey participants' understanding on the some business practices which they may not some experience.

Apart from these three learning on myself as a practitioner turned to researcher, the overall research experience in the last 6 six years has equipped me with more knowledge on how to rigorously assess opinions, insights, policies or theories.

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Appendix A: Ethical Considerations

A1. Participant Information and Consent Sheet

Research Project: Developing Social Workers to Be Social Entrepreneurs.

Participant Information

The questionnaire will take approximately 10 to 20 minutes to complete.

The main aim of this research project is to assess the business management skills development needs of social workers, who are or will be running social enterprises in Hong Kong. The approach is to collect the supportiveness for selected business practices for running a social enterprise by different types of participants, who may or may not be social work educated, may or may not have management experience, and may or may not have social enterprise management experience. The differences among the five types of participants will be used to design the curriculum.

All information provided by participants will be solely used for the purpose of this research project and will be treated as confidential and with complete anonymity. The questionnaire is anonymous. All participant questionnaires will be kept by the researcher for 7 years for academic purposes only. While information gained during the research may be published, the report will only be in aggregated summaries. Participants will not be identified and their personal results will remain confidential.

Your decision to participate in this research will not affect your status now or in the future.

Participant Consent

- By filling in and handing in the questionnaire, you consent that the data you provided may be included in the research, and may be published in an aggregated form so that no identities of individual participants can be traced.
- Your current participation does not imply that you will continue to participate in future activities of this research project or other project. In case you have provided your name in the questionnaire, you may receive a copy of your questionnaire by sending an email to chihing_kee@hotmail.com.
- You may contact the researcher if you require further information about the research. You may contact the Research Ethics Coordinator of the School of Education, University of Nottingham, if you wish to make a complaint related to your involvement in the research.

Researcher: Kee Chi-Hing, chihing_kee@hotmail.com

Supervisor: Professor John Morgan, John.Morgan@nottingham.ac.uk

Supervisor: Dr David Murphy, David.Murphy@nottingham.ac.uk

School of Education Research Ethics Coordinator: educationresearchethics@nottingham.ac.uk

Name of participant (optional): _____

Signature of participant (optional): _____ Date: _____

It is optional for you to provide your name and signature. If you want to reserve your right to withdraw your questionnaire later, then you have to provide your name.

A2. Statement of Research Ethics

SCHOOL OF EDUCATION – PGR STATEMENT OF RESEARCH ETHICS

(This form should be used by all students studying for a PhD, EdD, Prof Doc, or ~~QAA~~)

Name (Student): Kee Chi Hing

Supervisor: John Morgan and David Murphy



The University of
Nottingham

Research Topic: Developing Social Workers as Social Entrepreneurs

	Tick where appropriate
1. I have read and discussed with my supervisor(s) the British Educational Research Association's Revised Ethical Guidelines for Educational Research (BERA, 2004). http://www.bera.ac.uk/publications/pdfs/ETHICA1.PDF	<input checked="" type="checkbox"/>
2. I have read and discussed with my supervisor(s) the Research Code of Conduct of the University of Nottingham: http://www.nottingham.ac.uk/csc/academic-integrity/PhD/nottingham-research-code-of-conduct.php	<input checked="" type="checkbox"/>
3. I am aware of and have discussed with my supervisor(s) the relevant sections of the Data Protection Act (1998): http://www.hms.gov.uk/acts/acts1998/19980029.htm	<input checked="" type="checkbox"/>
4. Data gathering activities involving schools and other organizations will be carried out only with the agreement of the head of school/organization, or an authorised representative, and after adequate notice has been given.	<input checked="" type="checkbox"/>
5. The purpose and procedures of the research, and the potential benefits and costs of participating (e.g. the amount of their time involved), will be fully explained to prospective research participants at the outset.	<input checked="" type="checkbox"/>
6. My full identity will be revealed to potential participants.	<input checked="" type="checkbox"/>
7. Prospective participants will be informed that data collected will be treated in the strictest confidence and will only be reported in anonymised form, but that I will be forced to consider disclosure of certain information where there are strong grounds for believing that not doing so will result in harm to research participants or others, or (the continuation of) illegal activity.	<input checked="" type="checkbox"/>
8. All potential participants will be asked to give their explicit, normally written consent to participating in the research, and, where consent is given, separate copies of this will be retained by both researcher and participant.	<input checked="" type="checkbox"/>
9. In addition to the consent of the individuals concerned, the signed consent of a parent, guardian or 'responsible other' will be required to sanction the participation of minors (i.e. persons under 16 years of age) or those whose 'intellectual capability or other vulnerable circumstance may limit the extent to which they can be expected to understand or agree voluntarily to undertake their role'.	Not applicable
10. Undue pressure will not be placed on individuals or institutions to participate in research activities.	<input checked="" type="checkbox"/>
11. The treatment of potential research participants will in no way be prejudiced if they choose not to participate in the project.	<input checked="" type="checkbox"/>
12. I will provide participants with my contact details (and those of my supervisor), in order that they are able to make contact in relation to any aspect of the research, should they wish to do so.	<input checked="" type="checkbox"/>
13. Participants will be made aware that they may freely withdraw from the project at any time without risk or prejudice.	<input checked="" type="checkbox"/>
14. Research will be carried out with regard for mutually convenient times and negotiated in a way that seeks to minimise disruption to schedules and burdens on participants. (see BERA, 2004)	<input checked="" type="checkbox"/>
15. I have considered carefully to what extent, if any, my research might expose me to any kind of risk to my personal safety. I have also discussed this with my supervisor and have taken appropriate steps to respond to any risks identified. Where such a strategy has been agreed a record of it is attached to this submission.	<input checked="" type="checkbox"/>

16. At all times during the conduct of the research I will behave in an appropriate, professional manner and take steps to ensure that neither myself nor research participants are placed at risk.	<input checked="" type="checkbox"/>
17. The dignity and interests of research participants will be respected at all times, and steps will be taken to ensure that no harm will result from participating in the research.	<input checked="" type="checkbox"/>
18. The views of all participants in the research will be respected.	<input checked="" type="checkbox"/>
19. Special efforts will be made to be sensitive to differences relating to age, culture, disability, race, sex, religion and sexual orientation, amongst research participants, when planning, conducting and reporting on the research.	<input checked="" type="checkbox"/>
20. Data generated by the research (e.g. transcripts of research interviews) will be kept in a safe and secure location and will be used purely for the purposes of the research project (including dissemination of findings). No-one other than research colleagues, supervisors or examiners will have access to any of the data collected.	<input checked="" type="checkbox"/>
21. Research participants will have the right of access to any data kept on them.	<input checked="" type="checkbox"/>
22. All necessary steps will be taken to protect the privacy and ensure the anonymity and non-traceability of participants – e.g. by the use of pseudonyms, for both individual and institutional participants, in any written reports of the research and other forms of dissemination.	<input checked="" type="checkbox"/>
23. Where possible, research participants will be provided with a summary of research findings and an opportunity for debriefing after taking part in the research.	<input checked="" type="checkbox"/>
24. Does your research involve (please tick ALL that apply):	
<div style="display: flex; justify-content: space-around;"> Schools? <input type="checkbox"/> Vulnerable Adults? <input type="checkbox"/> Children? <input type="checkbox"/> None of these groups <input checked="" type="checkbox"/> </div>	
25. a) Will your research be conducted in (please tick ONE BOX only):	
<div style="display: flex; justify-content: space-around;"> UK only? <input type="checkbox"/> Outside the UK only? <input checked="" type="checkbox"/> UK & outside the UK? <input type="checkbox"/> </div>	
b) If outside the UK, please name the country(ies) involved:	
Hong Kong	
26. FOR ALL STUDENTS UNDERTAKING RESEARCH INVOLVING SCHOOLS, CHILDREN (UNDER 18) AND/OR VULNERABLE ADULTS I have received Enhanced Criminal Records Bureau (CRB) disclosure through the University of Nottingham and the School of Education Research Office has the reference number: <i>This applies even when data are collected outside of the UK.</i> NB: All students <u>must</u> remember to apply for their University of Nottingham CRB disclosure when they are visiting the UK.	
27. FOR ALL NON UK STUDENTS I have received a Certificate of Good Conduct (or equivalent)* and the School of Education CRB Coordinators have a copy of this**	

* Countries that produce a Certificate of Good Conduct are: Australia, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Irish Republic, Italy, Jamaica, Latvia, Malaysia, Malta, Netherlands, New Zealand, Philippines, Poland, South Africa, Spain, Sweden & Turkey.

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** UK students who have lived in one of the above countries for 6 months or more may also need to apply for one of these.

Please provide further information below in relation to any of the above statements which you have not been able to tick, explaining in each case why the suggested course of action is not appropriate (continue on a separate sheet if necessary):

On question 8: Potential participants will have the option of passive consent in addition to explicit consent.
Reason: The major risk of the research is unable to get sufficient participants to generate credible results. There are three reasons.

First, according to the report published by Hong Kong Council of Social Services on 6 April 2012, there were 368 social enterprises in Hong Kong, operated by 124 organizations. So, there are only limited numbers of potential participants of the survey. Hence it is important to lower any barriers to participation to increase the participation rate.

Second, the current survey is to study the challenges faced by social workers in running social enterprises. Some participants may consider it is a survey on their weakness and hence may have concern on the possibility of being identified. As the survey is being completed within such a small 'community of practice', giving details concerning their personal identity will be potentially too threatening to their willingness to participate. By not giving any personally identifying information the chances of recruitment will be significantly enhanced.

In conclusion, the arrangement of passive consent can reduce the worry of participants on being identified, and hence can increase the chance to get sufficient participants.

For those who have given explicit consent by putting down their names, they can request a copy of their filled questionnaire.

On question 21: The survey design is a completely anonymous survey; it will not be possible for participants to withdraw their data at a later stage. All participants will be informed of this prior to completing the questionnaire. There will be no identifying features of the participant in the reporting of the findings.

Please outline any areas of research ethics related risk, which have not been referred to above, associated with your research, and how you intend to deal with these (continue on a separate sheet if necessary):

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Checklist:

Please check that you have attached 1 – 4 (& 5 where appropriate) and return with the form to the Postgraduate Research Students Office

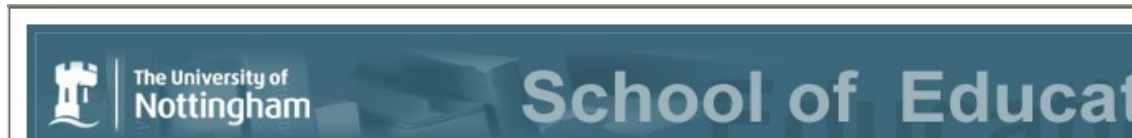
- | | |
|---|--------------------------|
| (1) a brief statement of my research aims or questions and proposed methods of data generation (maximum 200 words); | <input type="checkbox"/> |
| (2) a brief statement of how I plan to gain access to prospective research participants; | <input type="checkbox"/> |
| (3) a draft information sheet to be provided to prospective participants; | <input type="checkbox"/> |
| (4) a draft consent form to be used with prospective participants; | <input type="checkbox"/> |
| (5) a record of the agreed strategy between myself and my supervisor(s), identifying any potential risks to my personal safety, and stating how these will be addressed during my research study. (Only needed where researcher safety issues identified) | <input type="checkbox"/> |

NB Please do NOT include copies of research instruments (e.g. questionnaires).

Signed (student) <u>KCH</u>	Print Name (Student)	Kee Chi Hing	Date	23 September 2012
Signed (supervisor 1) _____	Print Name (supervisor 1)	John Morgan	Date	_____
Signed (supervisor 2, where appropriate) _____	Print Name (supervisor 2, where appropriate)	David Murphy	Date	_____

PLEASE RETURN A SIGNED COPY OF THIS FORM TO LOUISE BENHAM IN A81 AND SEND AN ELECTRONIC COPY WITH SUPPORTING DOCUMENTATION TO EDUCATIONRESEARCHETHICS@NOTTINGHAM.AC.UK

A3. Pro Forma for Ethical Approval



Pro Forma for Ethical Approval

You should complete and submit this pro forma to the School Research Office, along with your research proposal, so that (i) your proposal can be signed off; and (ii) if successful, all relevant information can go to the School's Research Ethics Committee for ethical review.

Please address each of the issues listed below and return the completed form to Jill Murray.

You are welcome to attach additional paperwork or refer to specific sections of your full proposal (if so, please give relevant page numbers) rather than, or in addition to, completing all of the sections of this pro forma.

In developing the ethical protocol for your proposed research project, and before completing your research proposal and this pro forma, it is strongly recommended that you study carefully, and cite, the *Revised Ethical Guidelines for Educational Research* (BERA, 2004). The *Guidelines* are available online at <http://www.bera.ac.uk/publications/pdfs/ETHICA1.PDF>.

Name:	Kee, Chi Hing
Project Title	Developing Social Workers to Be Social Entrepreneurs
SoE ref	
pFACT ref	
1	<p>Procedures for gaining participants' informed consent. Please clarify whether active or passive consent will be expected from different participants/careers.</p> <p><i>(NB: 1. the right to give or decline informed consent also applies to children, at least where these are judged to be "capable of forming their own views"— BERA 2004, Para 14; UN Convention on the Rights of the Child, Article 12.</i></p> <p><i>2. Letters or information sheets to prospective participants should not be worded in such a way as to presume participation)</i></p>
<p>Passive consent is to be sought from the participants because the major risk of the research is being unable to get sufficient participants to generate credible results.</p> <p>First, according to the report published by Hong Kong Council of Social Services on 6 April 2012, there were 368 social enterprises in Hong Kong, operated by 124 organisations. Thus, there are only limited numbers of potential participants for the survey. Hence it is important to lower any barriers to participation to increase the participation rate.</p> <p>Second, the current survey is to study the challenges faced by social workers in running social enterprises. Some participants may consider it to be a survey on their weaknesses and hence may have concerns about the possibility of being identified.</p>	

In conclusion, the arrangement of passive consent can reduce the worry of participants about being identified, and hence can increase the chance of obtaining sufficient participants.

The Participant Information and Consent Sheet will explain that by filling in and handing in the questionnaire without putting down their names, participants imply their consent to take part in the research.

The Participant Information and Consent Sheet will also explain that the participants can put down their names if they wish to give explicit consent.

Those participants, who want to receive a summary of the research findings, when available, can give their email addresses.

2 Procedures relating to participants' right to withdraw from the research (including the use/non-use of data generated from such participants)

Participants can withdraw from the research before they hand in the anonymous questionnaire. Once the questionnaire is collected and stored with the other questionnaires, the data cannot be identified and hence cannot be segregated out.

3 Confidentiality, anonymity and non-traceability of research participants

At the data level, there are only few questions dealing with the participants' demographic information—mainly on education and on work experience, so that the participants can be grouped into social work educated or not, and having management experience or not. The

data from individual participants cannot be traced.

At the participant level, the names of the participant who have included their names will be kept confidential.

As this is a quantitative survey, participants' names will not appear in the report.

- 4** Data storage (to ensure compliance with the Data Protection Act, 1998), and participants' right of access to any personal data stored in relation to them

The questionnaire will be kept for 7 years for retrieval for academic purposes only.

Participants who provided their names can request the copy of their questionnaires.

- 5** Any risks which may be anticipated, and how you will seek to minimise or deal with these

There are three types of risks.

a) For personal safety: Since the nature of the research is not in sensitive areas and data will be collected from adults who are social workers or those interested in social enterprises, conflicts should not be created.

b) For data safety: The questionnaire will be scanned to generate backup copies.

c) For data collection: The major risk of the research is being unable to get sufficient participants to generate credible results. There are two preventive measures. The first measure is to have the option of passive consent to lower the worry level among the participants. The second measure is to use both English and Chinese language in the questionnaire.

- 6** Potential harm to research participants and others

Based on the nature, purpose, and intended research results, there should not be any potential harm to research participants and others.

7 Specific issues relating to children and/or vulnerable adults (where applicable). See BERA 2004, Paras 14-17, p.7.

(NB: Please confirm that any member of the research team having contact with children and vulnerable adults will have obtained prior CRB Advanced Disclosure).

Based on the nature, purpose, and intended research results, the questionnaire will include only participants who are adults.

8 Any other issues you wish to raise relating to the ethical conduct of your research

No

A4. Research Ethics Approval

2012/11/AK

School of Education – Research Ethics Approval Form



The University of
Nottingham

Name: Kee Chi Hing
Main Supervisor: John Morgan and David Murphy
Course of Study: EdD
Title of Research Project: Developing social workers as social entrepreneurs
Is this a resubmission? Yes

Date statement of research ethics received by PGR Office: 11/10/12

Research Ethics Coordinator Comments:

Thanks you for amending the applications; I think as amended the project will now meets the ethical requirements re informed consent.

I consider this research to be above minimum risk

☐

Outcome:

Approved

☒

Revise and Resubmit

☐

Signed:

Name: Professor John Holford
(p.p. Research Ethics Coordinator)

Date: 25th Oct. 2012

Appendix B: Survey Questionnaire

受訪者須知及同意事項 (Participant Information and Consent Form)

研究項目：如何培訓社工營運社會企業。

受訪者須知：

調查問卷將需要大約 10 到 20 分鐘就可以完成。這一研究項目的主要目的，是評估已營運社會企業(社企)或將會營運社企的社會工作者(社工)所需要的商業管理技能。方法是收集六種不同類型的受訪者，對營運社企的管理方法的支持度。受訪者可能有或沒有管理經驗、可能有或沒有社企經驗、可能有或沒有接受社工培訓。這六種受訪者間的不同反應，可以成為設計社工培訓課程的參考。所有提供的資料只會被用作研究，及會保密和不匿名。問卷本身就不寄名。所有收回的問卷和知情同意書由研究員保存，研究成果可能會以合計數字公開發表，個別受訪者的個人資料及填寫的答案將無從核對，維持保密。而閣下今次的參與，亦不會影響你的現狀或將來。

受訪者同意：

- * 透過填寫及遞交問卷，閣下同意你所提供的資料可包括在研究之內，可以合計形式發表以致個別受訪者不會被識別出來。
- * 閣下今次參與問卷調查，並不代表你會繼續參與本次研究將來的活動或其他研發。
- * 若需查詢本次研究，可以聯絡研究員。若對閣下今次參與研究有投訴，可以聯絡諾丁咸大學教育學院研究倫理協調員。

研究員：紀治興, chihing_kee@hotmail.com

導師：Professor John Morgan, John.Morgan@nottingham.ac.uk

導師：Dr. David Murphy, David.Murphy@nottingham.ac.uk

諾丁咸大學教育學院研究倫理協調員：educationresearchethics@nottingham.ac.uk

Research Project: Developing Social Workers to run Social Enterprises

Participant Information

The questionnaire will take approximately 10 to 20 minutes to complete. The main aim of this research project is to assess the business management skills development needs of social workers, who are or will be running social enterprises in Hong Kong. The approach is to collect the supportiveness on selected business management practices for running a social enterprise by different types of participants, who may or may not have social enterprise management experience. The differences among the six types of participants will be used to design the curriculum. All information provided by participants will be solely used for the purpose of this research project and will be treated as confidential and with complete anonymity. The questionnaire is anonymous. All participants' questionnaire and consent form will be kept by the researcher. While information gained during the research may be published, the report will only be in aggregated summaries. Participants will not be identified and his/her personal results will remain confidential. Your decision to participate in this research or not will not affect your status now or in the future

Participant Consent

- * By filling in and handing in the questionnaire, you consent that the data you provided to be included in the research, be published in an aggregated form that no identity of individual participant can be traced.
- * Your current participation does not imply that you will continue to participate in future activities of this research project or other project.
- * You may contact the researcher if you require further information about the research. You may contact the Research Ethics Coordinator of the School of Education, University of Nottingham, if you wish to make a complaint relating to your involvement in the research.

Researcher: Kee Chi Hing, chihing_kee@hotmail.com

Supervisor: Professor John Morgan, John.Morgan@nottingham.ac.uk

Supervisor: Dr. David Murphy, David.Murphy@nottingham.ac.uk

School of Education Research Ethics Coordinator: educationresearchethics@nottingham.ac.uk

社企營運方法調查 (Attitude Survey on Social Enterprise Business Practices)

本人(紀治興)現正修讀英國諾定咸大學的教育學博士課程，下列的不記名調查是作為我研究「如何培訓社工營運社會企業」之用。調查結果將只作博士論文及相關學術研究用途。若閣下有興趣獲取是次調查的結果，請另發電郵給我 (chihing_kee@hotmail.com)，列明曾填寫問卷便可。最後，因為問卷是不記名，一經收集後，便無分辨那一份問卷是由閣下所填，故亦無法退還問卷、或刪去閣下提供的資料和答案。

Currently, I (Kee Chi Hing) am studying Doctor of Education in Nottingham University in UK. The anonymous survey below is for my research on "Developing Social Workers to run Social Enterprises". The survey results will be used in my doctoral thesis and related academic study. If you want to have a copy of the survey results, please send me an email (chihing_kee@hotmail.com) and quote that you have been surveyed. Finally, since the survey form is anonymous, once the survey form is filed with other forms there is no way to identify and return your survey form or to delete the data supplied.

請✓你選擇的答案 (Please give a ✓ in the box for your answer)

- A) 你是否接受過社工或社會學教育 (Were you educated in social work or sociology or similar topics) 有 (Yes) ☐ 無 (No) ☐
- B) 社工年資 (If you are/were a social worker, what is your years of experience) _____ 年 (Year)
- C) 管理年資 (Disregard whether you are a social worker, what is your years of supervision experience) _____ 年 (Year)
- D) 社企經驗 (If you have run a social enterprise, what is your work experience) _____ 年 (Year)
- E) 若你曾經或現正營運社企，最近的生意如何？
(If you have run a social enterprise, how is the business performance)

虧蝕 At loss significantly	微蝕 A bit below	收支平衡 Breakeven	微利 Profitable	盈利 Profitable significantly
--------------------------	----------------	----------------	---------------	-----------------------------

假設你在營運社企 (Assuming you are running a social enterprise)

- 改善盈利：你會否為業務訂立營業額及盈利的目標
(Will you set up annual goals on revenue and surplus)
- 客戶調查：你會否做客戶滿意調查
(Will you conduct customer satisfaction survey)
- 研究對手：你會否定期研究競爭對手
(Will you study your competitors periodically)
- 提點員工：你會否經常提點員工如何改善工作表現
(Will provide regular feedback to employees to improve their performances)
- 制度激勵：你會否用花紅制度激勵員工
(Will you use bonus to incent employees)
- 優化團隊：對不乎期望的員工，你會給予不多過三個月的時間去改善
(For below standard employee, we will give a correction period no more than 3 months)

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
極不同意	不同意	無意見	同意	極同意
極不同意	不同意	無意見	同意	極同意
極不同意	不同意	無意見	同意	極同意
極不同意	不同意	無意見	同意	極同意
極不同意	不同意	無意見	同意	極同意
更長 Much longer	長些 Longer	合適 Appropriate	短些 Shorter	更短 Much shorter

7) 改善產量：你會否定期檢討如何提高生產效率、以更少資源做更多事
(Will you regularly review how to improve productivity and efficiency)

極不同意	不同意	無意見	同意	極同意
------	-----	-----	----	-----

8) 滿意調查：你會否定期收集客戶的滿意度
(Will you design and conduct customer satisfaction survey)

極不同意	不同意	無意見	同意	極同意
------	-----	-----	----	-----

9) 媒體宣傳：你會否投入時間建立媒體及公眾關係
(Will you invest effort on media and public relationship)

極不同意	不同意	無意見	同意	極同意
------	-----	-----	----	-----

10) 開拓客源：你會否善用每一個機會去開拓新客源
(Will you make use all opportunities to contact potential customers)

極不同意	不同意	無意見	同意	極同意
------	-----	-----	----	-----

11) 銷售加單：你會否遊說客人買多些產品
(Will you up-sell (eg. sell additional items)

極不同意	不同意	無意見	同意	極同意
------	-----	-----	----	-----

12) 要求推介：你會否遊說客人介紹其他人光顧
(Will you ask your customer for referrals)

極不同意	不同意	無意見	同意	極同意
------	-----	-----	----	-----

13) 每月回顧：你會否每月都回顧上月業績，包括營業額及開支
(Will you conduct monthly financial reviews, including income and expenses)

極不同意	不同意	無意見	同意	極同意
------	-----	-----	----	-----

14) 每月預測：你會否支持每月都預估當月業績
(Will you conduct monthly financial forecast)

極不同意	不同意	無意見	同意	極同意
------	-----	-----	----	-----

15) 調校營運：你會否每月根據業績估計調校營運計劃
(Will you adjust monthly plan according to the business forecast)

極不同意	不同意	無意見	同意	極同意
------	-----	-----	----	-----

16) 計劃技巧：你如何評估自己瞭解客戶、瞭解競爭對手、及計劃劃等的技巧
(How do you feel about your skills on studying the market and planning accordingly)

Very weak	Weak	Average	Strong	Very strong
很弱	較弱	一般	較強	很強

17) 組織技巧：你如何評估自己教導及獎罰員工等的技巧
(How do you feel about your organizing skills on coaching and rewarding employees)

很弱	較弱	一般	較強	很強
----	----	----	----	----

18) 領導技巧：你如何評估自己管理產量和質量、推廣和營銷等的技巧
(How do you rate your management on productivity, quality, marketing and sales)

很弱	較弱	一般	較強	很強
----	----	----	----	----

19) 監控技巧：你如何評估自己定期檢討盈虧、預測業務、及迅速調校營運等的技巧
(How do you feel about your controlling skills on regular review, forecast and adjustment)

很弱	較弱	一般	較強	很強
----	----	----	----	----

20) 其他意見 (Any comments)

Fax for returning survey is 2580-5209.

Email: chihing_kee@hotmail.com

Mobile: (852) 6291 0286

Appendix C: SPSS Results on Cronbach's Alpha

The purpose to the SPSS exercise is to ensure the internal reliability of the data collected. The Cronbach's alpha of the data collected from the 323 questionnaires was checked to ensure the internal reliability. It was 0.849, which is above the norm of 0.8 (Bryman et al. 2009:77).

	Business-Minded, $N = 129$	Welfare-Minded, $N = 194$	
Have Management Experience $N = 201$	Business-minded managers, $N = 51$ Cronbach's alpha = 0.845	Welfare-minded managers, $N = 108$ Cronbach's alpha = 0.805	
	<u>Social enterprise employees,</u> <u>Cronbach's alpha = 0.876</u>		
	$N = 12,$ Cronbach's alpha =0.834	$N = 30,$ Cronbach's alpha =0.882	
No Management Experience $N = 122$	$N = 0$	$N = 4,$ Cronbach's alpha =0.642	
	Business-minded non-managers, $N = 66$ Cronbach's alpha = 0.896	Welfare-minded non-managers, $N = 52$ Cronbach's alpha = 0.771	